



Property

INTEGRATED
REPORT
2023



Multiplying Value
FOR PEOPLE, BUSINESSES, ECONOMIES AND THE PLANET

About Our Integrated Report

Sime Darby Property's Integrated Report 2023 has been prepared according to the principles of integrated reporting. It provides a balanced and accurate narrative about the Group's financial and non-financial performance and prospects based on our strategy, taking into account the challenges posed by the operating environment and other key risks impacting the property industry. The report is intended primarily for providers of capital, but is also relevant to all stakeholders who would like to understand how we seek to create value in the short, mid and long term through good governance, balancing our vision for growth against environmental and social imperatives.

This is our seventh Integrated Report since our listing in 2017. It covers the Financial Year 2023 and is prepared in accordance with the principles prescribed by the International Integrated Reporting Council. The report also includes the main activities, key business areas and discusses our outlook, targets and objectives.

Materiality

Information disclosed in this integrated report is relevant to our material matters, which have been determined by extensive stakeholder engagement, as well as internal evaluation. These material matters reflect existing and emerging risks and opportunities, which could affect our ability to create value and deliver on our Purpose, Vision, Mission and Values.

Scope and Boundary

This integrated report focuses on the activities, initiatives and key events that took place during the financial year from 1 January 2023 until 31 December 2023, unless stated otherwise. It covers the operations of the Sime Darby Property Group including our subsidiaries and joint ventures and associates.

Reporting Framework

Our integrated reporting process, as well as the contents of this report have been guided by the principles and requirements of:

- The Integrated Reporting <IR> Framework issued by the International Financial Reporting Standards ("IFRS") Foundation.

- The Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia.
- Bursa Malaysia's Sustainability Guidelines (3rd Edition).
- The Malaysian Code on Corporate Governance ("MCCG") 2021 issued by Securities Commission Malaysia.
- GRI Standards, issued by the Global Reporting Initiative ("GRI").
- United Nations' Sustainable Development Goals ("UN SDGs").
- Taskforce on Climate-Related Financial Disclosures ("TCFD").
- Malaysian Financial Reporting Standards ("MFRS").
- Malaysia's Companies Act 2016.

Assurance

Contents of the entire report have been read and approved by the Management and Board of Directors. The financial statements included in this integrated report have been audited by PricewaterhouseCoopers PLT, Malaysia.

Forward-looking Statements

This integrated report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

Directors' Responsibility Statement

The Board of Directors of Sime Darby Property acknowledges responsibility for ensuring the integrity of our Integrated Report 2023. In our opinion, the report presents a fair assessment of the Group's performance and addresses all key matters that are material to our ability to create value. This report was approved by the Board on 26 March 2024.

Dato' Rizal Rickman Ramli
Non-Independent Non-Executive Chairman

Dato' Azmir Merican
Group Managing Director



Tells you where you can find more information online at

www.simedarbyproperty.com



Please scan the QR code for the following documents of the Company which are available at

<https://www.simedarbyproperty.com/investor-relations/shareholders>

Navigation Icons

The Capitals We Use and Affect



Material Matters



Reporting Framework

Integrated Report 2023

Contents

- Provides a comprehensive overview of the Group's financial and non-financial performance for 2023, as well as prospects based on our strategy.

Regulations Complied

- The Integrated Reporting <IR> Framework.
- Bursa Malaysia's Main Market Listing Requirements.
- Bursa Malaysia's Sustainability Guidelines (3rd Edition).
- The Malaysian Code on Corporate Governance 2021.
- Global Reporting Initiative Standards.
- United Nations' Sustainable Development Goals.
- Taskforce on Climate-Related Financial Disclosures.
- Malaysian Financial Reporting Standards.
- Companies Act 2016.



Sustainability Report 2023



Contents

- Provides a comprehensive overview of the Group's sustainability performance and initiatives for 2023.

Regulations Complied

- Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting.
- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).
- Global Reporting Initiative Sustainability Reporting Standards.
- The United Nations Sustainable Development Goals.
- Task Force on Climate-related Financial Disclosures Recommendations.



Feedback

We welcome all enquiries, comments and feedback on our Integrated Report in order to clarify issues and to further improve our reporting. Please channel your feedback or query to:

Group Corporate Communications

Level 8, Block G, No. 2
 Jalan PJU 1A/7A, Ara Damansara
 PJU 1A, 47301 Petaling Jaya, Selangor
 Tel : +603-7849 5000
 Email : group.communications@simeдарbyproperty.com

Key Strategic Priorities



Broaden Income Streams



Deepen Competencies



Develop New Capabilities



Digital Transformation

Stakeholders



Employees



Investors and Analysts



Customers



Debt Providers



Vendors



Regulators



Media

Key Risks

R1

Market Risk

R7

Talent & Resource Management

R2

Development & Product Strategy

R8

Legal/Regulatory & Contractual Compliance

R3

Project Development & Execution

R9

Competition

R4

Safety & Health

R10

Climate Risk

R5

Cybersecurity

R11

Supply Chain & Its Related Human Rights Risk

R6

Joint Venture, Collaborations & Strategic Partnerships

Sustainability @

OUR ESG FRAMEWORK

Central to our strategy is the economic pillar, where innovation acts as the main driver across all our operations.

This approach, underpinned by strong governance, enables us to be responsible and forward-thinking in our action, aligning with our broader environmental and social stewardship goals.



For more details on our Sustainability Framework, please see page [173](#)

ADDRESSING OUR MATERIAL MATTERS

ECONOMIC

- Innovation
- Property Development
- Investment and Asset Management
- Land Bank Management

ENVIRONMENT

- Climate Adaptation
- Energy & Carbon Management
- Urban Biodiversity
- Water Management
- Circularity

SOCIAL

- Community Experience
- Occupational Health and Safety
- Responsible Supply Chain Management
- Marketing and Communication
- Corporate Social Responsibility
- Talent Management and Training Development
- Diversity and Inclusion

GOVERNANCE

- Corporate Governance and Compliance
- Data Privacy and Cybersecurity

BURSA COMMON SUSTAINABILITY MATTERS:

- Labour Standards and Practices
- Anti-Bribery and Corruption

For more details on our Material Matters, please see page [60](#)

Sime Darby Property

OUR PATH TO NET ZERO BY 2050

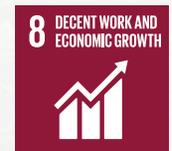


We are committed to achieving **Net Zero carbon emissions by 2050**, aligning with the target of limiting global temperature rise to 1.5°C.

Our transformative Net Zero strategy tackles both Scope 1 and Scope 2 emissions. As a first step, we have set a bold target to achieve a **40% reduction** in these emissions by 2030.

For more details on our approach towards Energy & Carbon Management, please see page [61](#) 

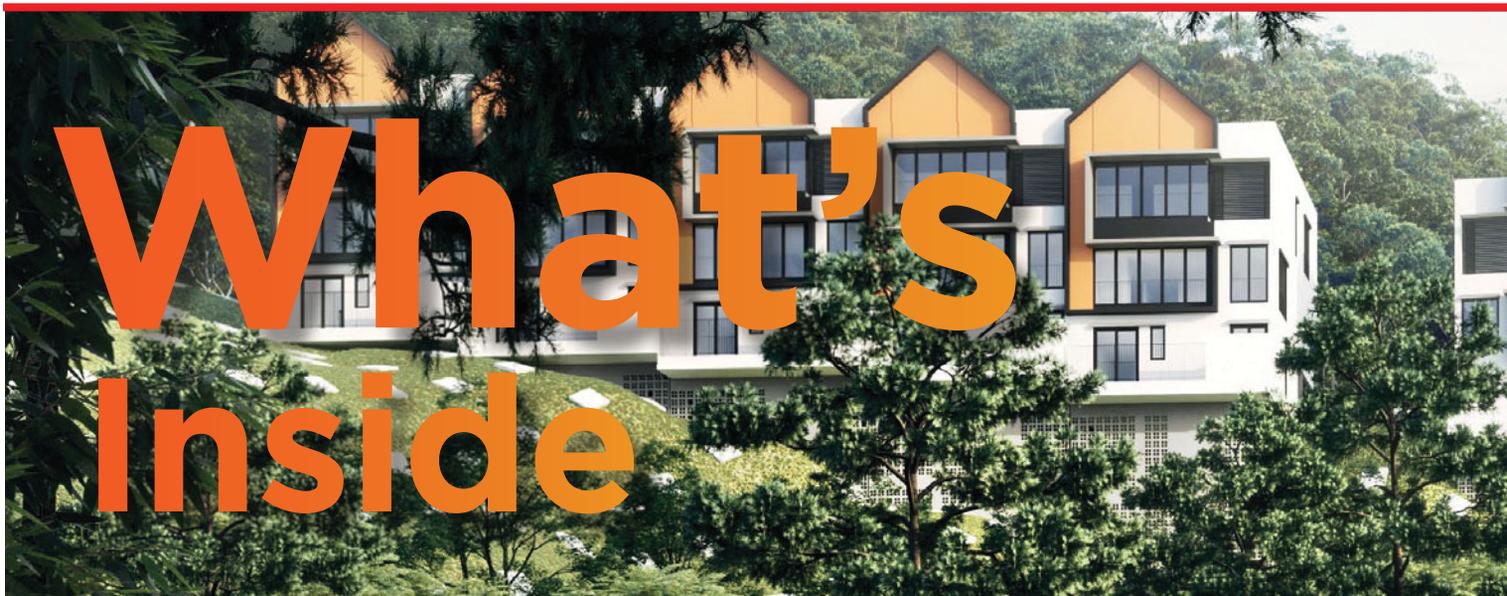
ALIGNING WITH THE GLOBAL AGENDA



By aligning with specific United Nations Sustainable Development Goals (“UN SDGs”) relevant to our core business, we ensure our sustainability efforts drive measurable social and environmental impact.

We achieve this through the integration of these UN SDGs across all our operations, ensuring a holistic approach that delivers positive outcomes.

For more details on Our Contribution to the UN SDGs, please see page [176](#) 



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Cover Rationale

In our journey towards becoming a real estate company, Sime Darby Property is committed to creating lasting value for people, businesses, and the environment.

We are pushing the real estate industry towards a sustainable future through our "SHIFT25" strategy, which goes beyond development to encompass investment and asset management. At the same time, we are also diversifying our offerings to meet changing economic needs.

Recognising the importance of sustainability, we are developing ESG-focused homes and creating lifestyle destination. Along with our future-forward direction, we are poised to advance real estate to enrich lives and manage a thriving asset portfolio that benefits all stakeholders.

Our vision is a future where sustainability, innovation and positive impact are at the core of everything we do.

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51st 
 ANNUAL GENERAL
 MEETING OF
 SIME DARBY PROPERTY

Monday, 20 May 2024

10:00 a.m.

<https://investor.boardroomlimited.com/>
 (virtual meeting platform)



Message from Our Chairman

DATO' RIZAL RICKMAN RAMLI
Chairman



Dear Stakeholders,

Sime Darby Property delivered continued solid financial and operational performances in FY2023, notwithstanding escalating material prices, threat of inflationary pressures and a cautious outlook at the start of the year. The Group remained focused on creating sustained value and recorded its highest revenue and operating profit, since the 2017 demerger, of RM3.4 billion and RM606.4 million respectively. This demonstrates the unwavering trust and support of all stakeholders and customers, as well as the resilience and passion of TEAM Sime Darby Property in realising our Purpose to be a Value Multiplier for People, Businesses, Economies and the Planet.

Our SHIFT25 strategy continues to be the driving force in enabling the Group to push through challenges and capitalise on opportunities to deliver our targets. It has been heartening to see our employees fully engaged and working together as TEAM Sime Darby Property to execute our plans and achieve our goal of transforming from a pure-play developer to a real estate company.

The success of our strategies is reflected by the favourable response from customers, with our emphasis on delivering high-quality products and services that meet their evolving expectations being rewarded by a steady growth in launches and sales over the past three years. This has placed us firmly on the right trajectory towards our goal of building a best-in-class Property Development business.

“
The Group remained focused on creating sustained value and recorded its highest revenue and operating profit, since the 2017 demerger, of RM3.4 billion and RM606.4 million respectively.
”

Simultaneously, we have remained dedicated to expanding our Investment & Asset Management (“IAM”) business, aiming to cultivate strong and diversified recurring income streams for sustained long-term shareholder value. Over the past year, significant strides have been made under our Industrial Development Fund (“IDF”), with the construction of Metrohub 1 and 2 at the E-Metro Logistics Park, which is slated for completion in 2024, and managed to secure J&T Distribution Solutions Sdn Bhd as the first pre-committed tenant. Furthermore, we have also secured commitments for the remaining RM300 million to close the fund at RM1.0 billion.

Our productivity in 2023 was further highlighted by our concerted efforts to enhance ongoing operations via asset enhancement initiatives, alongside the active exploration of new asset classes such as solar energy, with several promising prospects currently in our pipeline.

The progress we have unlocked since embarking on our SHIFT25 strategy has been encouraging; we have strengthened our fundamentals, pursued numerous new ventures and broadened our business model. Riding on this momentum and fortified by our robust financial standing, the Group is ideally positioned to forge ahead, seizing opportunities for expansion, growth and diversification with agility and determination.

A YEAR OF HIGHLIGHTS

It was a truly productive year for the Group on all fronts, marked by 37 product launches in our Property Development segment and the initiation of various exciting new projects in our IAM business, alongside enhancements to our management and operational pursuits across all segments.

The Group marked a key milestone by making its maiden foray into the affordable township sector through Seed Homes, Sime Darby Property’s new portfolio to deliver innovative solutions in the affordable homes segment. Seed Homes had recently formed a strategic partnership

“
Our SHIFT25 strategy continues to be the driving force in enabling the Group to push through challenges and capitalise on opportunities to deliver our targets.”

with Lagenda Properties to revolutionise affordable housing, and through this joint venture, we are combining our experience, expertise and strategic land bank ownership with Lagenda Properties’ highly scalable model of developing self-sustainable affordable townships. Our ongoing efforts to launch our inaugural affordable township project in Gurun, Kedah, reflects our commitment to making homeownership more accessible to Malaysians.

Meanwhile, the Group has laid rousing new inroads into the renewable energy sector, aligning its efforts with the Malaysian government’s new National Energy Transition Roadmap (“NETR”). In our commitment to spearheading the transition to renewable energy across the real estate industry, we have devised a three-pronged approach that will explore the implementation of residential, commercial and large-scale solar projects in the near future.

In tandem with our foray into renewable energy and commitment as a ‘Force for Good’, the Group has further solidified its long-term climate change ambitions. In November, we announced our pledge to achieve Net Zero emissions by 2050, with an intermediate target of attaining a 40% reduction in our Scope 1 and Scope 2 emissions by 2030. We firmly believe that adopting a Net Zero approach is crucial in mitigating global warming, and as such, we have implemented both near-term and long-term strategies to guide the transformation of our business for the betterment of the planet.

In 2023, our commitment to excellence was widely recognised by the industry, as we proudly received a total of 51 awards across various categories throughout the year. At the international level, our achievements were highlighted by two major wins at the FIABCI Prix d’Excellence Awards 2023, including a Gold in the Master Plan category for City of Elmina and a Silver in the Residential Mid-Rise category for Cantara Residences. These two developments were

Message From Our Chairman

similarly recognised in the Malaysian chapter of the FIABCI awards, taking top honours in their respective categories.

Meanwhile, we continued our winning streak at the StarProperty Awards 2023, with the standout achievement amongst nine accolades being our No.1 All Star ranking amid all real estate developers. Additionally, we maintained our Platinum ranking in the Property Development category at the Putra Brand Awards and received the esteemed Marketer of the Year award for the second consecutive year. Our consistent performance was further validated by our placement in the Top Ten Developers 2023 in the BCI Asia Awards, while we improved our rank from fourth to third in The Edge Malaysia's Top Property Developers Awards.

I am delighted to extend my heartfelt congratulations to our Director, Datuk Soam Heng Choon and Group Managing Director, Dato' Azmir Merican, for receiving the Outstanding Contribution

to the Real Estate Industry award and Outstanding Property CEO award respectively, at the Edge Property Excellence Awards 2023. Their dedication and contribution has guided us through a commendable transformational journey, and the Board is deeply appreciative of their efforts.

CREATING VALUE FOR STAKEHOLDERS

On the back of our solid performance in 2023, I am delighted to announce that the Board has declared a second single-tier dividend of 1.5 sen per share, contributing to a total dividend of 2.5 sen per share for the year, amounting to RM170 million. The Board's decision reflects confidence in our strategies to drive future value for our shareholders through recurring earnings, most notably by harnessing the potential of both our development pipeline and capital transaction capabilities to bolster funds management income.

“
In tandem with our foray into renewable energy and commitment as a ‘Force for Good’, the Group has further solidified its long-term climate change ambitions.
”



 A bird's eye view of the Elmina Peak located in the City of Elmina

Throughout the year, we remained committed to enriching the lives of our employees by offering competitive rewards and fostering numerous avenues for professional growth and career advancement. We introduced several new initiatives to strengthen our human development framework across all levels, including a pilot programme designed to empower line managers with effective conversational skills to engage and nurture their top talents, alongside executive coaching sessions for senior leaders and specialised leadership development programmes tailored to meet the unique needs of our diverse talent pools.

“
At the international level, our achievements were highlighted by two major wins at the FIABCI Prix d’Excellence Awards 2023, including a Gold in the Master Plan category for City of Elmina and a Silver in the Residential Mid-Rise category for Cantara Residences.
”





Message From Our Chairman

Safety is a paramount for the Group, and the Board remains informed of the progress made across our Health, Safety, Security and Environment (“HSSE”) portfolio, ensuring a steadfast focus on the safety of all staff and contractor personnel at our construction projects and operations. Our Leadership Engagement and Action Programme (“LEAP”) continues to reinforce our commitment to safety, with leadership playing a pivotal role in driving the safety message to our staff. To this end, our leadership team, alongside two board members, conducted one-to-one sessions with 62 foreign workers at various construction sites throughout 2023. These sessions were aimed at gaining a better understanding of the day-to-day challenges faced by frontline project staff and foreign workers, ensuring their work safety remains a top priority.

As a responsible corporate citizen, we remain committed to supporting and creating valuable opportunities for the wider community, both independently and through our philanthropic foundation, Yayasan Sime Darby (“YSD”). With an eye on enhancing educational support for the next generation, we launched a new Technical and Vocation Education and Training (“TVET”) initiative in collaboration with YSD, and will leverage on this programme to sponsor the learning aspirations of B40 youths.

At the same time, the Group had conducted 25 Corporate Social Responsibility (“CSR”) programmes, and contributed RM12.2 million in donations and sponsorships, as well as RM3.4 million in local community investments. Through these endeavours, we were able to touch the lives of over 5,000 people.

PROGRESSING OUR SUSTAINABILITY JOURNEY

Advancing our sustainability journey remains pivotal to our long-term strategy for creating shared value and ensuring sustainable performance across all business segments. To this end, we established a Board Sustainability Committee (“BSC”) on 1 January 2023, tasked with driving our Environmental, Social, and Governance (“ESG”) agenda forward, reviewing our progress against internal sustainability targets, and ensuring that our long-term strategies are geared towards enhancing our capacity to create shared value.

Bolstered by our heightened focus and oversight across the ESG spectrum, we underscored our commitment to climate change action through our Net Zero announcement this year. In conjunction, we have identified numerous near-term and long-term strategies to achieve our targets, ranging from the transition to renewable energy sources to the electrification of our vehicles and equipment, alongside the education of our workforce to promote good energy practices.

Looking ahead, we recognise the immense value in carbon sequestration through nature-based solutions focused on conservation and regeneration of urban biodiversity. This holistic strategy does not merely entail the planting of trees, but involves

“ In February, we inaugurated the initial phase of KL East Park, encompassing 17 acres of flourishing regenerating forest boasting over 300 plant species, 120 bird species, and a diverse cornucopia of fish, reptiles and insects. ”

scientific analysis, internal capacity building and the involvement of communities across several of our townships.

In 2023, our efforts in this area gained significant momentum with the launch of two key projects. In February, we inaugurated the initial phase of KL East Park, encompassing 17 acres of flourishing regenerating forest boasting over 300 plant species, 120 bird species, and a diverse cornucopia of fish, reptiles and insects. The remaining 36-acres of this already award-winning destination will be utilised for placemaking initiatives and educational programmes, as we seek to involve and empower local communities in understanding and safeguarding urban biodiversity.

Additionally, in December, we began work on our ambitious City of Elmina biodiversity corridor, a project that aims to restore ecological connectivity to the Bukit Cherakah Forest Reserve through the 300-acre Elmina Central Park. Designed to emulate the natural function of rainforests in supporting diverse flora and fauna, this initiative will provide refuge and resources for local wildlife. In tandem with these two projects, we are launching a new Citizen Scientists pilot project that seeks to harness enthusiastic members of the public to further our biodiversity research activities.

Our dedication to biodiversity and environmental management was widely recognised in 2023, evidenced through multiple awards received. In the StarProperty Real Estate Developer Awards 2023, KL East Park earned the prestigious Placemaker Award (Excellence), while our Bandar Bukit Raja Townpark was honoured with the Landscape Development Award (Excellence). Similarly, in the Malaysia Landscape Architecture Awards 13, KL East Park secured the Landscape Resource Preservation & Conservation Award, while both the City of Elmina and Serenia City were recipients of the Sustainable Management Category – Environmental & Landscape Management Award.



 Outdoor Discovery League programme by the Citizen Scientist initiative



 Learning the basics of composting via the Outdoor Discovery League

GOVERNANCE

We acknowledge the critical role that effective governance plays in maintaining our operational excellence and generating stakeholder value, and remain committed to upholding best practices in corporate governance, as outlined in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“MMLR”) by Bursa Malaysia Securities Berhad.

We continue to review and enhance our governance framework and policies each year, taking into account the recommendations of our various Board Committees. Our initiatives in 2023 included revisions to our Fit & Proper Policy and the Group’s Code of Business Conduct (“COBC”), while we also updated the terms of reference for our Audit Committee to align with the enhanced Conflict of Interest (“COI”) disclosure requirements mandated by Bursa Malaysia. Furthermore, we introduced a new Non-Audit Services (“NAS”) Concurrence Policy to reinforce the independence and objectivity of external auditors.

In our steadfast commitment to uphold human rights, the Board approved a new Human Rights Policy in June 2023. This initiative was further reinforced with the undertaking of a human rights assessment for our top five contractors, which was carried out by the Group Corporate Assurance Department (“GCAD”) and the Cost & Control Department in line with the due diligence guidelines set forth by the International Labour Organisation.

Recognising the ever-changing landscape of our industry, the Board also conducted an evaluation of the training needs for our directors. Through this undertaking, we were able to ensure the engagement of reputable regional training providers to keep our directors well-informed and up-to-date on global business trends, corporate governance practices, sustainability principles, strategic planning and leadership methodologies.

In recent Board developments, I am delighted to welcome Puan Nur Farahbi binti Shaari as a Non-Independent Non-Executive Director, officially appointed on 1 September 2023,

alongside her alternate, Encik Khalid bin Mohammed Noor. With this addition, our Board has expanded from 10 to 11 members and, more significantly, increased the proportion of women directors to 36%, with four exceptional female leaders on our Board lending us greater diversity in experience, expertise and viewpoints.

ACKNOWLEDGEMENTS

In closing, I extend my heartfelt gratitude to our Board, leadership teams and entire workforce for their remarkable contributions to the Group’s achievements in 2023. Your unwavering dedication to fostering a values-driven organisation has set us on a path of success, positioning us to not only meet but exceed the expectations of our stakeholders as we pursue our overarching goals.

We are immensely grateful to our various stakeholders for their continued support of the Group’s activities and operations. I would like to extend my appreciation for the ongoing collaboration of government and regulatory bodies, as well as the remarkable loyalty and support of our esteemed shareholders, vendors and partners. A special acknowledgment is reserved for our valued customers, whose enthusiasm and appetite for our products and services have remained stronger than ever throughout 2023.

Through the collective and dedicated efforts of all our stakeholders, the Group has made progress towards our aspiration of becoming Malaysia’s leading and most admired real estate company. As we forge ahead towards our ambitions, let us continue to collaborate meaningfully to consistently multiply the value we generate for the betterment of people, businesses, economies and the planet.

DATO’ RIZAL RICKMAN RAMLI

Chairman



“
Our commendable results in 2023, while navigating numerous industry challenges, underscore the disciplined execution of our SHIFT25 strategy in translating our strategies and plans into actions and delivering results.
 ”



DATO' AZMIR MERICAN
 Group Managing Director



➔ *Serenia Anisa, Serenia City*

Dear Stakeholders

It gives me great pleasure to share that FY2023 was a successful year for Sime Darby Property as the Group recorded a solid performance with its highest revenue and operating profit since the 2017 demerger, reaching RM3.4 billion and RM606.4 million respectively. This achievement was primarily attributed to the robust sales performance of our diversified product mix and recovery from labour shortage which contributed to higher site progress in major townships within the Property Development segment.

The Group’s performance was also supported by a sales achievement of RM3.3 billion and the successful launch of 37 projects with a combined Gross Development Value (“GDV”) of RM4.0 billion during the year.

Our commendable results in 2023, while navigating numerous industry challenges, underscore the disciplined execution of our SHIFT25 strategy in translating our strategies and plans into actions and delivering results. As we progress, the transformation journey remains focused on igniting our Engines of Growth and driving Corporate Priorities. In this statement, I will provide an overview of our operational progress throughout the year and the strides we have taken towards how we are executing our SHIFT25 strategy.

Group Managing Director

Review

A YEAR OF PROGRESS ON ALL FRONTS

Driven by our focus on execution, we achieved notable headway across all our business segments in 2023. It was another significant year for our Property Development business, as we continued to sustain sales momentum, accelerate on-site progress and ensure successful product delivery. Despite a cautious start to the year, we managed to surpass our sales target of RM2.7 billion by 22% while handing over approximately 3,440 units to new homeowners during the year, well above our yearly average of 2,000 units.

The Property Development segment also reached a crucial milestone for our long-term ambitions in the industrial sector. Following on from our announcement last year, we are pleased to have obtained shareholder approval for the acquisition of 949 acres of land in Sg. Kapar, Klang for a consideration of RM618 million. The acquisition will contribute to a future pipeline of products worth approximately RM5-6 billion in GDV within our established Bandar Bukit Raja township. This new industrial gateway, or “BBRX,” will be positioned as a high-value ESG-focused industrial park, enabling us to launch products for the next 10-15 years.

For our Investment & Asset Management (“IAM”) business, we are proud to have secured the first tenancy for our maiden project within the E-Metro Logistics Park in Bandar Bukit Raja, Klang, with J&T Distribution Solutions Sdn Bhd (“J&T”) committing to occupy 21% of the Net Lettable Area (“NLA”) with an option to expand for an additional 23% of the NLA. As the first development under our Industrial Development Fund (“IDF”), formed as a joint venture with LOGOS Property in 2021, our ability to deliver on these initial projects will provide a strong foundation for expanding our fund management business in the future.

Meanwhile, our flagship Leisure asset, Kuala Lumpur Golf & Country Club (“KLGCC”) successfully heralded the return of Ladies Professional Golf Association (“LPGA”) to Malaysia after six years, hosting its sanctioned Maybank Championship on 26-29 October 2023. This event provides a vital boost for the global visibility of our award-winning golf course, attracting over 50,000 visitors and being broadcasted in over 170 markets and 560 million households worldwide. KLGCC will continue to host this exciting event for the next two editions, up until 2025.

Group Managing Director Review



In addition to these milestones, we also took meaningful steps forward in our sustainability journey during the year, underscored by the November 2023 announcement of our pledge to achieve Net Zero Emissions by 2050, with the intermediate target of reducing our Scope 1 and Scope 2 emissions by 40% by 2030. We have also announced our support for the Government's National Energy Transition Roadmap ("NETR"), specifically towards the vision of achieving 70% renewable energy generation capacity by 2050.

To this end, we are spearheading the industry-wide transition towards renewable energy through residential, commercial and large-scale solar projects amongst others and have signed a Memorandum of Understanding ("MOU") with Tenaga Nasional Berhad ("TNB") for the exploration and development of sustainable higher revenue recognition.

We are also pleased to have officially opened our new 53-acre KL East Park, an enchanting naturally regenerating secondary rainforest in the heart of the city, home to a variety of rare, endemic species and beautiful geological formations. Following its February 2023 launch, KL East Park has already been accorded numerous awards, including the Placemaker Award (Excellence) in the Star Property Real Estate Developer Awards 2023 and the Landscape Resource Preservation & Conservation Award in the 13th Malaysia Landscape Architecture Awards. Overall, the

Group had won an unprecedented 51 awards in 2023 and received international recognition by winning Gold in the Masterplan category for the City of Elmina and Silver in the Residential Mid-Rise category for Cantara Residences at the 2023 FIABCI World Prix d'Excellence Awards held in the United States.

Another notable highlight of the year was the commencement of our strategic collaboration with Maybank to integrate their Maybank Home2u financing platform into Sime Darby Property's Online Booking System. This strategic venture now enables us to offer homebuyers a seamless experience in booking their dream home and applying for financing in one single journey.

RESPONDING TO A DYNAMIC MARKET LANDSCAPE

Despite the measurable success achieved in 2023, there were ongoing challenges including domestic and global inflationary pressures, a weakening Ringgit and labour shortages. Like many developers, we were cautious going into FY2023. The improved labour availability contributed to better site progress resulting in higher revenue recognition.

In the first half of FY2023, we witnessed a robust sales momentum, achieving 65% of our full-year target. This encouraged us to revise our full-year sales target from RM2.3 billion to RM2.7 billion and our GDV launch target from RM3.0 billion to RM4.0 billion,

as we were confident that market demand would remain well into the second half of the year. Our agility in swiftly taking advantage of market conditions stems from our product pipeline readiness and having low levels of completed inventories, which enable us to capitalise on growing consumer demands by launching more products.

While the domestic market proved favourable, the landscape in the United Kingdom (“UK”), home to our Battersea Power Station (“BPS”) joint venture with S P Setia and the Malaysian Employee Provident Fund (“EPF”), presented challenges. The overall UK market has been significantly impacted by rising inflation and persistent interest rate hikes, with the Bank of England announcing 14 rate hikes since September 2021, five of them occurring in the past twelve months alone.

As a result, we incurred higher share of losses from the BPS joint venture in 2023, impacting our bottom line. Nonetheless, we will continue to monitor the market environment while we focus our efforts on ensuring the overall Battersea development remains a vibrant and thriving destination for its resident community and visitors alike.

Market dynamics aside, our key challenge in Malaysia was to manage the rising cost of business, with our industry currently exposed to an increase in the overall cost of construction, notably due to rising raw material prices, currency fluctuation and cost of labour, which is placing pressure on margins. To mitigate this challenge, we continue to leverage our strengths and diversify our product mix across 25 of our active townships, offering both landed and high-rise residential products across various price points, commercial products, as well as introducing more industrial products and solutions across an array of customers.

ROBUST LAUNCHES AND SALES

Aligned with our heightened focus on industrial property development, ten of our launches in 2023 featured industrial products with a collective GDV of RM689 million. Building upon our established success at Elmina Business Park, Serenia City, and XME Business Park in Nilai Impian, six developments within these projects achieved a strong 92% take-up rate, reflecting robust market demand and underscoring our growing reputation as a developer of sought-after industrial parks.

Other launches primarily consisted of residential products. Landed residential offerings amounted to a total GDV of RM1.6 billion, with an average take-up rate of 77%. Standout projects that garnered especially strong take-up rates were Elmina Green 7 in the City of Elmina, Serenia Anisa in Serenia City and Emilia in Nilai Impian.

Meanwhile, high-rise residential launches contributed to a total GDV of RM1.4 billion, reflecting our focus on increasing our portfolio of high-rise residential projects. Notable developments in this category included Teja in SJCC, Serasi Residences in Putra Heights, and Hype Residences, the first serviced apartment introduced in our new SJ7 mixed integrated development.

In 2023, the Group’s total sales of RM3.3 billion featured a well-balanced product mix, with residential landed properties accounting for 36%, high-rise residential units for 27%, and industrial products for 31% of the total sales. Both the industrial and high-rise residential segments demonstrated year-on-year growth, expanding by 15% and 2% to respectively contribute RM1.0 billion and RM889 million towards total sales during the year.

Guided by our emphasis on strategic diversification of our Property Development products, the industrial segment’s sales contribution has increased from minimal in 2019 to 31% in 2023, marking its importance and growing demand. Segment sales were mainly from Elmina Business Park, Bandar Bukit Raja and Nilai Impian’s XME Business Park. Similarly, high-rise residential sales have also seen a significant uptick, rising from 19% of sales in 2019 to 27% in FY2023.

Sales for Koa at Electric Boulevard at BPS achieved a take-up rate of approximately 54%, with 111 units sold thus far amounting to a GDV of £101.6 million. As it stands at 31 December 2023, our two previously completed residential projects achieved a combined 97% take-up rate, while our three commercial spaces in Phase 1, 2 and 3A are currently leased at 95%, 90% and 85% respectively. The growing popularity of the Battersea Power Station as a destination for both locals and tourists has resulted in a significant 45% increase in annual footfall, with over 11 million visitors welcomed during 2023.

While our property development activities expanded in 2023, the total land activated (including non-core disposals) during the year reduced by 940 acres, reflecting our increased emphasis on high-rise launches within our portfolio. Recognising the continued potential in this market segment, we are actively exploring strategic pocket land acquisitions for swift turnaround projects that will bolster our high-rise product pipeline.

As we progressed in completing our acquisition of new land for industrial township development in Kapar, Klang, we also maintained momentum in our land monetisation activities to divest non-core land assets. Throughout the year, we executed four Sale and Purchase Agreements (“SPAs”) with a total value of approximately RM87 million for the disposal of approximately 400 acres of non-core lands in Kedah. These agreements are currently in various stages of sale and are targeted to be completed in FY2024.



Group Managing Director Review

In 2023, a total of 74,072 training hours were recorded, with 86% of the hours dedicated to technical, functional, and sustainability programmes.

INVESTMENT & ASSET MANAGEMENT SEGMENT

Over the past twelve months, significant progress has been achieved in advancing our IAM businesses and ongoing projects. Our inaugural wholly-owned mall, KL East Mall (“KLEM”), has physical occupancy of 90% with footfall boosted by the opening of Camp5, a marquee tenant.

Looking ahead, our retail division is gearing up to launch two new malls, Elmina Lakeside Mall and Senada Mall, in FY2024 and FY2025. These neighbourhood malls will offer a diverse range of amenities, including drive-through restaurants, a variety of dining options, home and living stores, services, health and wellness outlets, and boutique lifestyle retailers. Designed as convenient hotspots for discerning consumers and buyers, our retail assets are not only shaping up to be attractive shopping destinations but also vibrant lifestyle community hubs for our township residents.

For our industrial division, construction of the first development project under our IDF has also progressed as planned. Metrohub 2 is slated to complete in the first half of 2024, with Metrohub 1 on track to complete at the end of the year. In addition to securing J&T as our first tenant for Metrohub 2, we are also pleased to have obtained a SHASSIC 5 Star rating for both Metrohub 2 and Metrohub 1. Furthermore, we have secured commitments for the remaining RM300 million to close the Fund at RM1.0 billion.

With our sights set on unlocking more avenues for recurring income growth, our IAM segment is diversifying its portfolio into new asset classes adjacent to real estate such as renewable solar energy, aligning itself with upcoming trends linked to the government’s National Industrial Masterplan 2030 (“NIMP”) and NETR. Our solar initiatives represent an especially exciting new sector for the Group, enabling us to leverage on various competitive advantages we possess, including our position as property developer with large rooftop spaces and landbanks, our relationships with end customers and tenants, as well as our capital raising capabilities with investments and fund management teams.

In tandem with our growth projects, we have continued to undertake operating efficiency, cost reduction and asset enhancement initiatives across our various asset classes. Compounded with the expected opening of Elmina Lakeside Mall in Q3 2024 and other activations in our pipeline, we expect stronger contributions from our IAM segment in the coming year.

LEISURE SEGMENT

Our Leisure segment increased its revenue by 11% during 2023, with a 4% increase in membership during the year contributing to higher F&B and golfing activities. A key highlight for this segment was certainly the successful hosting of the Maybank Championship 2023 which was an important coup in our ongoing efforts to bring world-class events to the club and further promote our KLGCC West Course as amongst the best in Asia. With hosting rights for the next two years secured, we are seizing the opportunity to enhance and upgrade our facilities and amenities to capitalise on the exposure to grow membership.

In 2023, we refurbished our KLGCC gym with cutting edge equipment powered by Technogym to boost our members’ experience, while also enhancing our badminton and squash courts, as well as our golf course greens. The club has also underscored its commitment to elevate the township’s offerings by collaborating with partners to introduce new activities such as pickle ball, padel, spin classes and yoga at The Courts at KLGCC Resort.

Across our Leisure assets, we were successful in growing the total revenue from events. A total of 1,068 events generated revenue of RM21.7 million in 2023, compared to 1,011 events and RM15.8 million revenue in 2022.

Moving forward, we will continue to enhance our offerings across our assets, seeking to offer greater value, variety and convenience to our members. One exciting development our KLGCC members can look forward to is the refinement of our KLGCC mobile application to include digitalisation of our driving range and other sports facilities on top of existing golf sessions booking system, which will be supplemented by a 7-day advance booking policy to foster fair booking practices for all members.

STRONG FINANCIAL PERFORMANCE

In 2023, the Group’s revenue reached RM3.4 billion, marking a significant 25.3% increase from the previous year. This growth was driven by the strong performance of the Property Development segment, supported by higher opening unbilled sales, healthy sales momentum and took advantage of improving labour market conditions to ramp up on-site development across



KLGCC was the official venue host for the Maybank Championship 2023 as sanctioned by LPGA

major townships. On the back of our highest revenue since the 2017 demerger, we also saw a notable increase in operating profit, rising by 39.0% to RM606.4 million. Similarly, our profit before tax ("PBT") surged by 33.0% to RM610.3 million, and profit after tax and minority interest ("PATAMI") grew by 29.2% to RM407.9 million. However, these profits were partly offset by an increase in our share of loss from joint ventures, which amounted to RM58.1 million compared to RM27.8 million in 2022, primarily due to challenges faced by our BPS project in the UK stemming from an unfavourable operating environment.

Our impressive performance in 2023 is further highlighted by an increase in our total bookings, which reached RM1.9 billion as of 4 February 2024, while our total unbilled sales have remained steady at RM3.6 billion. With the cash deployment on land acquisitions for future developments in Bandar Bukit Raja and Malaysian Vision Valley 2.0, our cash position remains robust at RM602.6 million and is further supported by a healthy net gearing ratio of 22.7%.

DEVELOPING OUR PEOPLE

We regard our workforce as our most invaluable asset and are making significant investments to provide them with opportunities for professional development, empowering them to contribute meaningfully to our SHIFT25 dynamic transformation objectives.

In 2023, a total of 74,072 training hours were recorded, with 86% of the hours dedicated to technical, functional, and sustainability programmes. We deployed a wide range of development programmes to meet the diverse needs of our workforce, including the resumption of face-to-face training sessions based on the request of the management and employees, and the continued use of LinkedIn Learning, which was integrated with AI functionality in 2023 to curate learning plans tailored to each employee's specific needs.

Our training and development framework was further bolstered during the year with the introduction of a variety of new initiatives. These include an Aspiration and Development Conversation workshop to equip Line Managers with communication skills for engaging and developing top talent, a pilot programme crafting Individual Development Plans for selected employees to initiate their career progression with Sime Darby Property, and site visits to provide additional on-ground exposure for our workforce to understand our business activities and safety practices.

We initiated a partnership with YSD to provide our high potential employees a chance to advance their professional qualifications via the Masters of Real Estate Development programme that has been designed by Universiti Tunku Abdul Rahman in collaboration with Real Estate and Housing Developers Association ("REHDA").



Group Managing Director Review

Complementing our training and development thrusts, we conducted a comprehensive array of engagement activities throughout the year to maintain robust engagement and motivation among our workforce. These activities ranged from festive gift-giving and observance of global days such as Mother’s Day, to sporting events like futsal and cycling games, and a variety of webinars.

It is heartening to see our efforts to empower employees recognised by the broader industry, as we picked up three notable awards reflecting our commitment in this aspect: the LinkedIn Learning Champion 2023, Talentbank’s Graduates’ Choice Award 2023 and HR Asia’s Best Companies to Work for in Asia 2023.

PROGRESSING OUR DIGITALISATION JOURNEY

Acknowledging the pivotal role of digitalisation in maintaining our competitive edge in today’s landscape, the Group has prioritised the adoption of new technologies while reinforcing our cybersecurity framework.

Key digitalisation efforts undertaken during FY2023 include the implementation of an executive management dashboard, which offers easy access to construction and sales progress to our leadership teams, along with the automation of purchaser application data for submission to Lembaga Perumahan dan Hartanah Selangor (“LPHS”) and the integration of our Enterprise Resource Planning (“ERP”) and eProcurement systems to reduce double entries for property contract related transactions.

As we seek to embed ESG considerations into our business processes, we have adopted the use of Benchmark Gensuite’s digital ESG reporting software to streamline the tracking of key safety and sustainability KPIs, enhancing our ability to disclose our performance in adherence to ESG frameworks and provide meaningful updates of our impacts to investors and other stakeholders.

Cognisant that increased digitalisation brings additional exposure to cybersecurity risks and data privacy compliance requirements, we have continued to bolster our cybersecurity systems in FY2023. Key initiatives include enhancing protection for our email systems with three layers of defence to block malware and phishing emails, as well as the adoption of Data Leakage Protection (“DLP”) tools to encrypt and classify user data, protecting against unauthorised access or use.

As we progress in our digitalisation journey, we remain mindful of the challenges and opportunities in our path. Costs continue to be a significant consideration, particularly due to the limited availability of software tailored for Property Developers and Construction digitalisation. This scarcity leads to low competition and consequently, higher costs for software acquisition.

Simultaneously, we recognise the importance of fostering a shift in employee mindset, and are actively addressing this through the implementation of digital and cybersecurity-related training modules. Over the past year, we began integrating Cybersecurity eLearning into our HR on Cloud (“HROC”) platform, enabling employees to learn at their convenience and empowering managers to oversee their progress.

At the same time, our digital transformation concurrently presents opportunities to enhance our competitiveness and operational efficiencies through the use of cutting-edge tools and technology. Among the initiatives we are exploring are the utilisation of augmented reality cameras to monitor construction progress, identify defects and remotely manage issues on our construction sites. Additionally, we are assessing the implementation of an online marketplace ecosystem that connects developers and construction materials, streamlining the procurement process and facilitating more efficient buying, selling and price negotiation for raw materials.

Moving forward, we are committed to identifying and adopting a broader range of smart building technologies to be integrated into both construction processes and home design. This approach will result in the creation of more energy-efficient, sustainable and desirable properties, solidifying our position as a market leader in the industry.

FULFILLING OUR PROMISE OF SUSTAINABLE RETURNS

In addition to achieving strong financial returns in 2023, we focused on delivering clear social and environmental impacts and have made significant progress on the ESG front.

A pivotal measure of our success has been our ability to maintain and enhance our ratings in global and local sustainability benchmark indices. In 2023, the Group was successful in improving our Carbon Disclosure Project (“CDP”) rating from ‘C’ to ‘B’, surpassing Asia’s ‘C’ average and indicating the meaningful progress we have made to embed robust environmental management into our operations. With this improved rating, the Group is positioned more favourably amongst financial institutions, investors and regulators that are demanding greater transparency in environmental disclosures and increased climate action from corporate entities.

In conjunction with this, I am delighted to announce that our Sukuk Musharakah Programme has maintained its AA+_{IS} rating with a stable outlook from MARC Ratings Berhad for the third consecutive year in 2023. This continued strong rating reflects the Group’s robust fundamentals and ongoing growth prospects, where MARC Ratings have noted our strong sales track record in well-established townships, and strong balance sheet, characterised by low leverage, as key rating drivers.

Having issued an additional RM600 million under the Sukuk Musharakah Programme during FY2023, we have utilised these proceeds to part fund the Group's long-term assets, including working capital requirements, all guided by our overarching goal of delivering sustainable returns to all our shareholders.

CLIMATE CHANGE

As the global community intensifies efforts to combat the impacts of climate change, our Net Zero pledge announced in 2023 reaffirms our commitment to driving positive transformation within our sectors. Embracing a comprehensive approach to climate change mitigation, we are actively increasing our use of renewable energy, exploring alternative materials with lower carbon footprints, reducing operational waste sent to landfills, and implementing optimised electricity consumption practices, among other initiatives.

With our efforts intensifying, we are confidently on track to achieve our goal of reducing Scope 1 and 2 emissions by 40% by 2030. Recognising that collaboration within the industry is vital for reaching our Net Zero Emissions target across all three emission scopes, we have also heightened our engagement with industry associations and our supply chain to advocate for swift decarbonisation.

In addition to our carbon abatement initiatives, we remain committed to enhancing biodiversity across all our developments while preserving and regenerating natural ecosystems. Two significant biodiversity projects reached key milestones during the year, with the launch of the first phase of our KL East Park undertaken in February, and work commencing on our City of Elmina biodiversity corridor in December.

It is heartening to see KL East Park already being recognised through numerous awards for its landscaping design, placemaking value and contribution to the community, and we are excited to replicate a similar success for the City of Elmina biodiversity corridor. This ambitious project aims to restore ecological connectivity to the Bukit Cherakah Forest Reserve via the 300-acre Elmina Central Park. In our efforts to create a truly diverse and welcoming urban wildlife sanctuary, our design will mimic the layers of natural rainforests, providing refuge and resources for the flourishing of flora and fauna.

As we advance as a catalyst for positive change, we recognise the significance of having an enthusiastic and highly knowledgeable workforce, alongside a collaborative network of supply chain partners, prepared to tackle the challenges ahead. Accordingly, in 2023, we introduced three new educational and awareness ESG learning modules to strengthen our engagement with employees and supply chain partners, while building their competencies in the areas of carbon footprint reduction and biodiversity protection.

“
As we advance as a catalyst for positive change, we recognise the significance of having an enthusiastic and highly knowledgeable workforce, alongside a collaborative network of supply chain partners, prepared to tackle the challenges ahead.
”

SAFETY FIRST

As a leading national property developer, the Group remains a strong proponent of workplace safety and health in the real estate industry in Malaysia. Now in its third year, our leaders, including two board members, have continued to engage staff, contractors and consultant owners via the Leadership Engagement and Action Programme (“LEAP”). In 2023, we enhanced this engagement with the launch of the Talk to Workers (“T2W”) initiative, facilitating one-to-one discussions with 62 workers to gain deeper insights into their safety challenges.

In addition, we have also significantly revamped our Health, Safety, Security, and Environment (“HSSE”) management systems over the past year, launching a comprehensive suite of 19 HSSE manual to systematically ingrain safety practices across our organisation. As part of this upgrade, we provided a total of 8,037 hours of engagement and training with all relevant members of our workforce, culminating in the successful completion of the Hazard and Effect Management process for Working at Heights.



Group Managing Director Review

As we refine our management approach, our commitment to promoting robust safety practices on-site remains unwavering. I am pleased to report that our compliance with Personal Protective Equipment (“PPE”) protocols across construction sites reached an impressive 97% as at the end of 2023. Additionally, we achieved improved compliance with work-at-height scaffolds measuring contractors’ adherence against CIDB requirements. Through our proactive engagement with staff, we also witnessed a notable increase in the reporting of first aid and injury incidents. Responding to our calls to embed a robust safety culture across all levels of our organisation, 94% of our staff reported at least two safety observations or concerns during the year.

Despite our diligence, we suffered one fatality involving a subcontractor’s worker in December 2023. Our heartfelt condolences go out to the affected family and colleagues. This incident is not acceptable and we are working closely with our contractors for strict adherence to safety standards, practices and cultures at worksites. We remain steadfast in ensuring that all employees, contractors and site workers comply with the set safety standards and regulations to eliminate such occurrences.

OUTLOOK

Entering 2024, there is a notable upswing in optimism compared to the start of 2023, underpinned by rising sales volumes, encouraging market response to new property launches and successful project completions. Additionally, positive government policies and incentives further bolster our confidence in the market outlook.

Recent economic forecasts suggest that the country is primed for stronger growth of between 4-5%, while the expected stability of interest rates augurs well to provide businesses and consumers with more certainty. Globally, economic growth is expected to remain modest due to monetary policy tightening and subdued trade amidst ongoing geopolitical tensions. However, there is a positive indication of declining global inflation from its 2023 peaks. Nevertheless, we remain vigilant to a weakening ringgit and rising cost of materials impacting our margins and cost of doing business.

On the back of robust demand and improving labour conditions in 2023, our Property Development arm will remain agile to respond to market developments by launching products tailored



 A safety briefing during a LEAP visit

“
We remain steadfast in ensuring that all employees, contractors and site workers comply with the set safety standards and regulations.
”

to specific segmental needs and target markets. We will maintain an aggressive stance in executing our launch pipeline, particularly focusing on all three segments of landed residential, industrial and high-rise residential. Emphasis will also be placed on addressing the growing demand for value-oriented solutions across residential and commercial sectors, incorporating elements of sustainable living, green initiatives, energy efficiency and ESG principles into our upcoming product offerings.

Sustainability remains a core focus for us at Sime Darby Property, driving our passion to lead and effect change. The introduction of various solar initiatives by our IAM segment in 2023 underscores this commitment, and we are optimistic to see meaningful progress in these ventures during 2024, while also seeking outcomes from our collaboration with TNB to explore renewable energy opportunities.

Moreover, we see significant potential for our IAM segment in capitalising on new opportunities arising from recently announced government policies, such as the NIMP and NETR. Leveraging our strategic land holdings and project execution capabilities, we are in a prime position to benefit from the various catalytic projects under these policies, especially within the solar energy and industrial and logistic parks sectors.

Across all segments, our focus will remain on executing our SHIFT25 strategy and plans with emphasis on accelerating our Engines of Growth and driving Corporate Priorities. We will continue to protect our margins through effective cost management practices, while ensuring an agile and diversified product mix that is complemented by placemaking and developing of catalytic assets to uplift the value of our townships.

Simultaneously, we will increase our urgency and attention on ESG and sustainability in our role as a ‘Force for Good’, setting the bar higher each year to create multiplied value for all stakeholders.

ACKNOWLEDGEMENTS

I am delighted to acknowledge the numerous parties whose contributions have propelled the Group to its record-breaking performance in 2023.

First and foremost, heartfelt thanks to our esteemed Board of Directors for their invaluable guidance, counsel and unwavering support. The Board and the various Board committees have spent much effort and time to help shape our progress and transformation. To my dedicated colleagues in management, your collaborative spirit has been instrumental in driving our SHIFT25 transformation journey forward. We are also profoundly grateful for the enduring trust and support of our valued investors and shareholders, particularly key stakeholders such as Permodalan Nasional Berhad (“PNB”), who have steadfastly believed in our vision.

A sincere appreciation goes out to the State Governments of Selangor, Negeri Sembilan and Johor, and the local authorities, as well as the Federal Government, Ministries, agencies, regulatory bodies, industry associations like REHDA, and our strategic partners and vendors. Your ongoing support has been essential in facilitating our continuous evolution and enabling us to surpass our targets. I would like to especially extend my gratitude to our customers and the communities we serve. Your support and confidence in our products and strategies motivate us to continuously strive for excellence.

Last but certainly not least, I offer my deepest appreciation to all our employees. Your remarkable resilience and adaptability in navigating the current environment while consistently delivering your best efforts are truly commendable.

To all of you who share and believe in our Purpose, Vision, Mission and Values, you are the cornerstone of our successes. Let us continue to collaborate, cooperate and engage meaningfully together to ensure that TEAM Sime Darby Property remains a driving force for collective progress, delivering sustainable value for people, businesses, economies and the planet.

DATO’ AZMIR MERICAN

Group Managing Director



Our Purpose

To be a **Value Multiplier** for **People, Businesses, Economies and the Planet.**

Our Core Values

T



Together
We Do
What's Right

E



We Lead
with
Excellence

A



We Embrace
New
Approaches

M



We **M**ake
It
Happen

Our Vision

Advancing real estate as a force for collective progress, in harmony with the planet's resources.

Our Mission

To develop, own and manage a **thriving asset portfolio, creating value** for all stakeholders.

Who We Are

Sime Darby Property ("the Group") is Malaysia's leading property developer with more than 50 years of experience in building sustainable communities. With over 100,000 homes across 25 active townships and developments under its belt, Sime Darby Property has a wide reach encompassing assets and operations across the country. We made our presence in the United Kingdom through our involvement as part of a Malaysian consortium that successfully redeveloped the iconic Battersea Power Station in Central London.

Beyond Property Development, Sime Darby Property has a strong footing in the industrial and logistics sector at Bandar Bukit Raja, Elmina Business Park, and Serenia City in Selangor; Nilai Impian and Hamilton Nilai City in Negeri Sembilan; and Bandar Universiti Pagoh in Johor. Our strategic partnerships with various global players such as LOGOS SE Asia Pte Ltd ("LOGOS Property"), Mitsui & Co Ltd ("Mitsui") and Mitsubishi Estate Co Ltd ("Mitsubishi Estate"), have resulted in the establishment of a few noteworthy industrial and logistics facilities, including the E-Metro Logistics Park in Bandar Bukit Raja. Within its Leisure arm, Sime Darby Property is the proud owner of the Kuala Lumpur Golf & Country Club, one of the region's most prestigious golf clubs.

As a responsible corporate player, Sime Darby Property and its philanthropic arm, Yayasan Sime Darby ("YSD") actively implement various social welfare initiatives to assist underprivileged communities living within and nearby its townships.

As at December 2023, the Group has approximately 14,800 acres of land bank, most of which are located strategically on the west coast of Peninsular Malaysia. Within its Investment & Asset Management business, the Group operates approximately 7.7 million sq. ft. of net lettable area across commercial, retail, hospitality, education and industrial segments.

Our Presence



UNITED KINGDOM

Battersea Power Station,
Central London



MALAYSIA



MARKET CAPITALISATION

RM4.3 billion

as at 31 December 2023



TOTAL ASSETS

RM15.9 billion

as at 31 December 2023



TOTAL SALES

RM3.3 billion

as at 31 December 2023

Attractive Investment Proposition

Business Highlights



Sales Achievement of

RM3.3
BILLION

Exceeded Sales Target
of RM2.7 billion



Delivery of Completed Units:

3,440
UNITS

(2022: 1,855 units)



Number of Units Sold:

3,070
UNITS

(2022: 3,332 units)



Ventured into
**affordable
homes segment
through "Seed
Homes"**
with Lagenda Properties



Announced the
implementation of
**solar solutions
for townships** in
support of the National
Energy Transition
Roadmap



Sime Darby Property
recognised as world's best
with gold and silver wins
at the **FIABCI
World Prix
d'Excellence
Awards 2023**

Financial Highlights



Revenue

RM3,436.9
MILLION

(2022: RM2,742.1 million)



Operating Profit

RM606.4
MILLION

(2022: RM436.2 million)



Profit After Tax and
Minority Interest

RM407.9
MILLION

(2022: RM315.8 million)



Total Equity

RM10,283.5
MILLION

(2022: RM9,644.8 million)



Gross Gearing Ratio

28.6%

(2022: 32.0%)



Net Gearing Ratio

22.7%

(2022: 21.8%)



Dividend Declared

RM170.0 MILLION

2.5 Sen Per Share;

41.7% Payout Ratio

(FY2022: 2.0 sen per share; 43.1% payout ratio)

Sustainability Highlights



Profit Before Tax

RM610.3

MILLION

(2022: RM458.9 million)



Cash Position

RM602.6

MILLION

(2022: RM985.3 million)



Sime Darby Property's Sukuk
Musharakah Programme Accorded

AA+_{IS} Rating

by MARC Ratings Berhad



Net Assets per Share
Attributable to Owners
of the Company

RM1.48

(2022: RM1.40)

A constituent of
**MSCI ACWI
SMALL
CAP INDEX**
and received
**MSCI ESG
RATING**
of BBB

Announced Sime Darby
Property's pledge to
achieve

**Net Zero
carbon
emissions
by 2050**



**74,072
hours**

of learning and training
recorded

Rated B in the **CDP (Carbon Disclosure Project)**



**25 community
programmes** and
initiatives benefitting
more than

**5,000
people**



**36%
female**

Board members



**44%
women**

representation in the
workforce

25% of waste diverted from landfill



26,085

Endangered, Rare
& Threatened ("ERT")
species of trees
planted since 2011



**3.8%
reduction**

from Total Operational
Carbon Emissions
compared to FY2022



Lost Time Injury
Frequency Rate:

0.57%

Awards & Recognitions

■ FIABCI World Prix d'Excellence Awards 2023

- World Gold (Master Plan Category) – City of Elmina
- World Silver (Residential Mid-Rise Category) – Cantara Residences

■ Malaysia Property Awards 2022 (FIABCI Malaysian Chapter)

- Mid-Rise Category – Cantara Residences
- Master Plan Category – City of Elmina

■ The Edge Malaysia Property Excellence Awards 2023

- The Edge Malaysia Top Property Developers Award – Ranked 3rd



■ StarProperty Awards 2023

– Real Estate Developer

- All-Star Award (Ranked 1st)

■ Putra Brand Awards

– The People's Choice Awards 2023

- Platinum Award (Property Development Category) – 13th year running

■ BCI Asia Awards 2023

- BCI Asia Top 10 Developers (Malaysia) Award

■ PropertyGuru Asia Awards Malaysia 2023

- People's Choice Award

■ Malaysia Developer Awards 2023

- Top-of-the-Chart Awards (Top 10 for Market Capitalisation of RM1 billion and above)
- Best in Qualitative (RM1 Billion Market Cap and Above) – Ranked 1st

■ PC.com Awards 2023

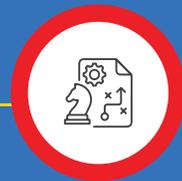
- Best Product of The Year Award – Best Smart Home and Township Developer



Our Competitive Advantage

Strategic development regions

We have 25 active townships in the Klang Valley, Negeri Sembilan and Johor, with more than RM100 billion in remaining GDV alongside our iconic Battersea Power Station development in Central London.



Over 50 years of experience

Our reputation and experience as the nation's leading master developer have enabled us to create strategic, sustainable townships and communities for more than half a century.



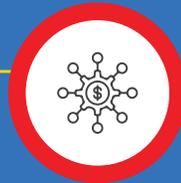
Resilient financial position

Our positive and resilient financial position is driven by a solid financial base, sufficient cash flow, and a healthy net gearing ratio.



Strong Purpose

Our Purpose is to be a Value Multiplier for People, Businesses, Economies and the Planet.



Diversified product offerings

Our product portfolio includes residential, commercial, and industrial properties, as well as integrated developments coupled with green spaces and other amenities.



A leading voice in sustainability & biodiversity

We are committed in supporting and advancing the Sustainability Agenda through various conservation, urban biodiversity, and energy efficient initiatives.

Indices Representation & Credit Ratings



What We Do: Core Business Segments

PROPERTY DEVELOPMENT



SEGMENT REVENUE

RM3.2
billion

TOTAL SALES

RM3.3
billion

NO. OF UNITS SOLD **3,070**

As a master builder with over 50 years of experience in developing sustainable communities, we have demonstrated a proficiency in project execution through quality products and developments. Our expertise in the Property Development segment ranges from landed to high-rise properties, encompassing affordable to high-end homes, as well as commercial, industrial and logistics, in addition to niche developments.

Some of our most notable and iconic townships in Malaysia include Melawati, Subang Jaya, Ara Damansara and Bukit Jelutong, as well as several newer and ongoing developments in the Klang Valley, Negeri Sembilan and Johor. These include the City of Elmina, Putra Heights, Serenia City, Bandar Bukit Raja, KLGCC Resort, Nilai Impian, Hamilton Nilai City, Bandar Ainsdale and Bandar Universiti Pagoh.

INVESTMENT & ASSET MANAGEMENT

TOTAL NUMBER OF ASSETS
OWNED/MANAGED

32

TOTAL NET LETTABLE AREA

~7.7 MILLION SQ. FT.

Our Investment & Asset Management segment comprises retail, commercial/office and industrial assets located within the Klang Valley and the United Kingdom, where we were part of an international consortium of Malaysian corporations which successfully redeveloped and rejuvenated the iconic Battersea Power Station in Central London. This segment also includes the Concession Arrangement business that provides asset management services, including facilities and infrastructure management for campuses in the Pagoh Education Hub in Bandar Universiti Pagoh.

Through SDPLOG, a joint venture with global logistics property player LOGOS Property, we successfully commenced construction for the venture's first development, the E-Metro Logistics Park in Bandar Bukit Raja, promising to deliver integrated solutions with world-class facilities for its stakeholders and investors once fully completed.

LEISURE



KLGCC VOTED AS

TOP 100

GOLF COURSE IN ASIA (NO.24)

(WEST COURSE)

**KLGCC IS THE FIRST
AND ONLY CERTIFIED
AUDUBON COOPERATIVE
SANCTUARY IN MALAYSIA**

The Leisure segment of our business manages Malaysia's premier golf and country club, the iconic Kuala Lumpur Golf & Country Club ("KLGCC"). The world-class club features a 36-hole tournament standard course strategically located in the pristine area of Bukit Kiara, Kuala Lumpur. A consistent venue for high-profile golf tournaments, KLGCC plays host to the prestigious LPGA-sanctioned Maybank Championship. Besides KLGCC, the segment also manages the Impian Golf & Country Club ("IGCC") in Kajang; the Sime Darby Convention Centre ("SDCC"), an esteemed venue for meetings, conferences, events and exhibitions; and the Bayuemas Sports and Events Complex, which features a cricket field that plays host to both local and international games.

Our Distinctive Developments

Township Developments



- City of Elmina, Shah Alam
 - Denai Alam
 - Elmina Business Park
 - Elmina East
 - Elmina West
- Bukit Jelutong, Shah Alam
- Bandar Bukit Raja, Klang
- Serenia City, Sepang
- Hamilton Nilai City, Nilai
- Nilai Impian, Nilai
- Bandar Ainsdale, Seremban
- Bandar Universiti Pagoh, Muar
- Taman Pasir Putih, Pasir Gudang



Integrated Developments

- Ara Damansara, Petaling Jaya
 - Cantara Residences
 - Maya Ara Residences
 - TRiARA Residences
- KL East, Kuala Lumpur
 - East 57
 - The Ridge
- Melawati, Ampang Jaya
 - Park One
 - Melawati Corporate Centre
 - Serini
- Saujana Impian, Kajang
- USJ Heights, Subang Jaya
- Putra Heights, Subang Jaya
 - The Serenade
 - Serasi Residences
- SJ7, Subang Jaya
 - Hype Residences
- Subang Jaya City Centre, Subang Jaya
 - Aurora
 - Lot 15
 - Teja Residences



Joint Venture Developments

- PJ Midtown, Petaling Jaya
- Radia, Bukit Jelutong



25*
Township, Integrated and
Signature/Niche
Developments

Approximately
14,800
Acres of Available Land Bank

RM115
Billion
Total Estimated Gross
Development Value ("GDV")

* including JV developments

Group Corporate Structure

– Operating Entities



Property

MALAYSIA: WHOLLY-OWNED SUBSIDIARIES

- Harvard Golf Resort (Jerai) Berhad
- Harvard Hotel (Jerai) Sdn Bhd
- Impian Golf Resort Berhad
- Kuala Lumpur Golf & Country Club Berhad
- MVV Holdings Sdn Bhd
- Seed Homes Sdn Bhd
- Sime Darby Property (Ainsdale) Sdn Bhd
- Sime Darby Property (Ampar Tenang) Sdn Bhd
- Sime Darby Property (Ara Damansara) Sdn Bhd
- Sime Darby Property (Asset I) Sdn Bhd
- Sime Darby Property (BBR Asset I) Sdn Bhd
- Sime Darby Property (BBR Asset II) Sdn Bhd
- Sime Darby Property (BBR Asset III) Sdn Bhd
- Sime Darby Property (BBR Asset IV) Sdn Bhd
- Sime Darby Property (Bukit Jelutong) Sdn Bhd
- Sime Darby Property (Bukit Raja) Sdn Bhd
- Sime Darby Property (Bukit Subang) Sdn Bhd
- Sime Darby Property (Bukit Tunku) Sdn Bhd
- Sime Darby Property (BUP Asset I) Sdn Bhd
- Sime Darby Property (Chemara) Sdn Bhd
- Sime Darby Property (City of Elmina) Sdn Bhd
- Sime Darby Property (Convention Centre) Sdn Bhd
- Sime Darby Property (EBP Asset I) Sdn Bhd
- Sime Darby Property (Elmina East Asset I) Sdn Bhd
- Sime Darby Property (Elmina East Asset II) Sdn Bhd
- Sime Darby Property (Elmina Lakeside Mall Power) Sdn Bhd
- Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd
- Sime Darby Property (Glades) Sdn Bhd
- Sime Darby Property (Golfhome) Sdn Bhd
- Sime Darby Property (Golftek) Sdn Bhd
- Sime Darby Property (Ironwood) Sdn Bhd
- Sime Darby Property (KL East) Sdn Bhd
- Sime Darby Property (Klang) Sdn Bhd
- Sime Darby Property (KLGCC Resort) Sdn Bhd
- Sime Darby Property (Lagong) Sdn Bhd
- Sime Darby Property (Lembah Acob) Sdn Bhd
- Sime Darby Property (Lukut) Sdn Bhd
- Sime Darby Property (MVV Central) Sdn Bhd
- Sime Darby Property (Nilai Realty) Sdn Bhd
- Sime Darby Property (Nilai) Sdn Bhd
- Sime Darby Property (Pagoh) Sdn Bhd
- Sime Darby Property (Sabah) Sdn Bhd
- Sime Darby Property (Saujana Impian) Sdn Bhd
- Sime Darby Property (Selangor) Sdn Bhd
- Sime Darby Property (Senada Mall Power) Sdn Bhd *
- Sime Darby Property (Serenia City) Sdn Bhd
- Sime Darby Property (SJ7) Sdn Bhd
- Sime Darby Property (Subang) Sdn Bhd
- Sime Darby Property (Sungai Kapar) Sdn Bhd
- Sime Darby Property (Utara) Sdn Bhd
- Sime Darby Property Holdings Sdn Bhd
- Sime Darby Property Management Sdn Bhd
- Sime Darby Property Oasis (Holding) Sdn Bhd (formerly known as Sime Darby Brunfield Holding Sdn Bhd) Group
- Sime Darby Property Selatan (Holding) Sdn Bhd
- Sime Darby Property Solar Energy (Holding) Sdn Bhd *
- Sime Darby Property Urus Harta Sdn Bhd
- Sime Darby Property Ventures (MY) Sdn Bhd
- Sime Darby Property (Rooftop Solar Solutions) Sdn Bhd *

MALAYSIA: NON-WHOLLY OWNED SUBSIDIARIES

- Sime Darby Nilai Utama Sdn Bhd
- Sime Darby Property Selatan Sdn Bhd Group

MALAYSIA: JOINT VENTURES

- PJ Midtown Development Sdn Bhd
- Seed Homes Lagenda Sdn Bhd *
- Sime Darby Property CapitalLand (Melawati Mall) Sdn Bhd
- Sime Darby Property MIT Development Sdn Bhd Group
- Sime Darby Property Sunrise Development Sdn Bhd

MALAYSIA: ASSOCIATE

- Shaw Brothers (M) Sdn Bhd

FOREIGN: WHOLLY-OWNED SUBSIDIARIES

- Sime Darby Property (Capital Holdings) Pte Ltd
- Sime Darby Property (Hong Kong) Limited
- Sime Darby Property (London) Limited
- Sime Darby Property (Vietnam) Pte Ltd
- Sime Darby Property Singapore Limited Group

FOREIGN: JOINT VENTURES

- Aster Real Estate Investment Trust I
- Battersea Power Station Development Company Limited Group
- Battersea Power Station Estates Limited
- Battersea Project Holding Company Limited Group
- SDPLOG – IDF 1 (JV Holdings) Pte Ltd
- Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP Group

Note:

For full list of entities as at 31 December 2023, please refer to page 372 to 381, Note 44 List of Subsidiaries, Joint Ventures and Associates.

* Company incorporated after 31 December 2023

2023 Significant Events



February

- The KL East Park officially opens its doors to visitors, cementing our efforts to improve urban biodiversity within our townships.
- Serasi Residences, the Group's latest Transit Oriented Development, achieves a landmark 100% take up-rate for all 507 units through the Online Booking System ("OBS").

May

- SDPLOG, the joint venture between Sime Darby Property and LOGOS Property, signs J&T as its first tenant for Metrohub 2, the first industrial & logistic facility developed under SDPLOG's inaugural Industrial Development Fund located within the E-Metro Logistics Park in Bandar Bukit Raja.
- The Group bags a leading 13 wins at the Malaysia Landscape Architecture Awards, which honours excellence and ambition in various facets of the landscape architecture industry.



March

- Sime Darby Property garners two major wins in the Master Plan and Residential Mid-Rise categories at the FIABCI Malaysia Property Awards 2022.

June

- Sime Darby Property is crowned as world's best with gold and silver wins at the FIABCI World Prix d'Excellence Awards 2023 in Florida, USA.



December



- The Bandar Bukit Raja Townpark is recognised by the Malaysia Book of Records with three accolades: Largest Recreational Park with Renewable Energy, Largest Crown Structure and Biggest Solar-Powered Signage.
- The Group’s Sukuk Musharakah Programme is accorded AA+_{IS} rating by MARC Ratings Berhad for the third consecutive year.

September



- Sime Darby Property solidifies its commitment to renewable energy by collaborating with Tenaga Nasional Berhad through a Memorandum of Understanding to explore and develop sustainable energy initiatives in support of NETR.

November



- Sime Darby Property announces pledge to achieve Net Zero carbon emissions across its operations and developments by 2050.

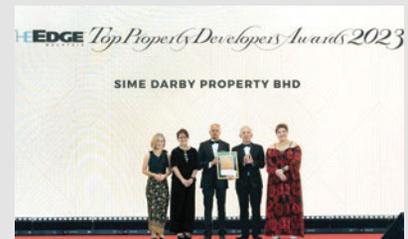
August

- The Group announces that its Sukuk Musharakah was oversubscribed by more than eight times, with orders breaching the RM4.8 billion mark and outpacing the initial target of RM600 million.

- Cantara Residences in Ara Damansara receives a Gold Rating in the Residential New Construction category by the Green Building Index (“GBI”) Accreditation Panel.

October

- Sime Darby Property and Maybank announce partnership to offer instant home financing approval and competitive financing rates to homebuyers.



- Sime Darby Property is once again ranked a Top 10 Property Developer at The Edge Malaysia Top Property Developers Awards 2023, with other notable wins including Outstanding Property CEO Award for Group Managing Director, Dato’ Azmir Merican; and Outstanding Contribution to the Real Estate Industry Award for our Senior Independent Non-Executive Director, Dato’ Soam Heng Choon.

July

- Sime Darby Property announces the implementation of solar solutions at its townships in support of the Government’s National Energy Transition Roadmap (“NETR”) initiative to achieve 70% renewable energy capacity by 2050.

- Battersea Power Station welcomes over 11 million visitors in 2023 in its first 12 months since opening its doors to the public on 14 October 2022.

Our Approach to Value Creation

To achieve our Purpose to be a Value Multiplier for People, Businesses, Economies and the Planet, we need to ensure a robust business model and that our strategy is both responsive and progressive. This requires an integrated approach to value creation that takes into account the risks and opportunities presented by our operating environment, the needs of our stakeholders, as well as our own aspirations.

ASSESS OUR OPERATING CONTEXT

Our performance and ability to create value is influenced by the macroenvironment, particularly economic, regulatory, social, environmental and competitive dynamics. Subsequently, we continuously monitor our operating context and identify trends that could affect us.



IDENTIFY AND MANAGE RISKS

We identify and are aware of operational, financial, regulatory, market, digital and sustainability risks that could impact our businesses, and integrate them into our risk register. These risks are monitored and managed to ensure they remain within our risk appetite and therefore, enabling a smoother execution and attainment of our corporate objectives.



FACTOR IN STAKEHOLDER NEEDS

Each of our key stakeholder groups – namely our shareholders, investors, employees and the community – contributes to our sustainable growth. Recognising their importance, we build strong relationships with them, engage to understand their needs and expectations, and incorporate these into our strategies.



DEFINE OUR MATERIAL MATTERS

Taking into account our macroenvironment, risks, and the needs of our stakeholders, we define our material matters which are important to value creation for Sime Darby Property and our stakeholders.



BRINGING OUR SUSTAINABILITY AGENDA TO LIFE

We are guided by our four key imperatives to foster resilient communities.

Championing Energy Transition and Low Carbon in Real Estate

Enhancing Urban Biodiversity

Creating Positive Community Experiences

Building Climate Adaptive Communities

TAKE STOCK OF OUR CAPITALS

Our six capitals represent the resources that we have and use to drive our business and create value. Effective management and access to these six capitals are critical to managing every aspect of the business.



PLAN OUR STRATEGY

Consolidating our risks and opportunities, our material matters and capitals, we outlined our SHIFT25 Strategy to transform Sime Darby Property from a pure-play property developer to one of Malaysia’s leading and most admired real estate players by 2025 with diversified income streams.

OUR INTEGRATED BUSINESS MODEL

Through our business model, we develop, own and manage a thriving asset portfolio that creates value for all stakeholders.

Leveraging upon our expertise and extensive land holdings, we focus on our core business in Property Development, Investment & Asset Management, and Leisure. Our approach is underpinned by robust governance, aimed at fulfilling both customer and market demand. In being a ‘Force for Good’, we are committed to the environmental preservation and urban biodiversity conservation while striving to generate value for all stakeholders.



Our Value Creating Business Model

PURPOSE

To be a Value Multiplier for People, Businesses, Economies and the Planet

VISION

Advancing real estate as a force for collective progress, in harmony with the planet's resources

OUR CAPITALS...

... ENABLE VALUE-ADDING

ACTIVITIES THAT CREATE...

INPUTS



MANUFACTURED CAPITAL

- Owns approximately 14,800 acres of available land bank in strategic locations with good connectivity
- 25 active townships and integrated developments
- 32 total number of assets owned/managed
- 4 leisure assets



FINANCIAL CAPITAL

- Prudent in protecting the Group's financial position through optimal liquidity management and efficient capital structure
- Shareholders' fund of RM10.1 billion
- Cash balances of RM602.6 million
- Total debt of RM2.9 billion



HUMAN CAPITAL

- 1,520 total number of employees across the organisation
- 662 female employees (44%) in the workforce
- 858 male employees (56%) in the workforce
- RM3.5 million invested in Learning & Development programmes
- A culture that is client-driven, people-centred, innovative & competitive



SOCIAL AND RELATIONSHIP CAPITAL

- Number of volunteers in 2023: 778 volunteers
- Total number of registered vendors: 2,959 vendors (as at 31 December 2023)
- Empowerment of local communities
- Embracing sustainable development as well as responsible ESG practices
- Responsible corporate citizenship
- High integrity, trust and transparent communication with our key stakeholders
- Strong brand and presence – a reputable ethical brand and trusted brand



NATURAL CAPITAL

- Announced our pledge to reduce Net Zero carbon emissions by 2050
- The KL East Park is home to rare, endemic species and beautiful geological formations, and is central for our biodiversity conservation efforts
- Encouraging the use of renewable energy, water-efficient fittings and energy-efficient equipment
- Preserving the environment through conservation efforts



INTELLECTUAL CAPITAL

- Introduced Robotic Process Automation ("RPA") for our Enterprise Resource Planning ("ERP") system
- Integrated both our ERP and e-Procurement systems for seamless payment processing
- Integrated our Online Booking System ("OBS") with Maybank's Home2u financing platform

GLOBAL MEGATRENDS

- Identifying Regional and National Trends
- Addressing the Need for Sustainable Urban Planning
- Recognising Evolving Societal Expectations
- Embracing Tools That Enhance Sustainability, Efficiency and the Customer Experience
- Tackling Heightened Stakeholder Expectations

KEY RISKS

- Market Risk
- Development and Product Strategy
- Project Development and Execution
- Safety and Health
- Cybersecurity
- Joint Ventures, Collaborations and Strategic Partnerships
- Talent and Resource Management
- Legal/Regulatory and Contractual Compliance
- Competition
- Climate Risk
- Supply Chain and Its Related Human Rights Risk

KEY MATERIAL MATTERS

- **Economic**
 - Innovation
- **Environment**
 - Energy and Carbon Management
 - Urban Biodiversity
 - Circularity
 - Water Management
 - Climate Adaptation
- **Social**
 - Occupational Health and Safety
 - Community Experience
 - Diversity and Inclusion
 - Labour Standards and Practices
 - Responsible Supply Chain Management
- **Governance**
 - Data and Cybersecurity
 - Anti-Bribery and Corruption



GOVERNANCE

Supported by strong governance and effective Board leadership

MISSION

To develop, own and manage a thriving asset portfolio that creates value for all stakeholders

VALUES

T — **E** — **A** — **M**
 Together We Do What's Right | We Lead with Excellence | We Embrace New Approaches | We Make things Happen

... VALUE FOR OUR STAKEHOLDERS
OUTPUTS
Our End Products

- Township & Integrated Development
- Investment & Asset Management
- Leisure Operations
- Active Land Bank Management
- Robust Capital Management
- Strong Financial Discipline
- Sustainable Talent & Performance Management
- Effective Governance
- Corporate Sustainability Strategy
- Sustainable Procurement
- Product & Digital Innovation

Waste and Emissions

- Total GHG emissions of 16,387 tCO₂-e (2022: 17,036 tCO₂-e)
- 14,402.01 tonnes of waste generated from internal operations in 2023

OUTCOMES
MANUFACTURED CAPITAL

- 3,440 units completed over 25 phases
- RM4.0 billion of GDV launched
- Total unbilled property sales of RM3.6 billion
- Achieved sales of RM3.3 billion (2022: RM3.7 billion)

FINANCIAL CAPITAL

- Revenue of RM3,436.9 million (2022: RM2,742.1 million)
- PATAMI of RM407.9 million (2022: RM315.8 million)
- 41.7% dividend payout ratio (2022: 43.1%)
- Net gearing ratio of 22.7% (2022: 21.8%)

HUMAN CAPITAL

- Conducted 4,217 learning programmes
- 74,072 total learning hours in 2023 (2022: 101,661.09)
- 36% female representation at the board, and 40% of women in C-suite positions
- Employees' salaries & benefits: RM267.7 million

SOCIAL AND RELATIONSHIP CAPITAL

- Approximately RM12 million worth of charitable contributions made benefitting close to 45,000 beneficiaries (2022: RM21.8 million)
- Contributed 2,941 hours to the community (2022: 2,219.5 hours)
- More than 5,000 beneficiaries benefited from 25 community programmes and initiatives (2022: 7,000 beneficiaries | 34 community programmes)
- More than 50 organisations supported through donations and sponsorships in 2023
- RM192.8 million tax to the Government
- Customer Net Promoter Score of 70%
- RM97.8 million gained in Public Relations ("PR") value

NATURAL CAPITAL

- 649 tCO₂-e in Operational carbon emissions reduction (2022: 489 tCO₂-e)
- 25% of waste diverted from landfill
- 26,085 Endangered, Rare & Threatened ("ERT") trees planted in 2023 (2022: 24,560)
- 143,679 trees planted across our townships and development since 2011 (2022: 125,161)
- 162 bird species from 52 families recorded, including 16 threatened species
- 3,764 energy-efficient homes built, equipped with water-efficient fittings
- Reduction of 32.76% in 2023 of waste generated against the 2020 baseline year

INTELLECTUAL CAPITAL

- Achieved a QLASSIC Score of 82%
- Seamless payment processing via the integration our ERP and eProcurement systems



Performance by Capitals

Our six capitals, encompassing financial, manufactured, intellectual, human, natural, and social and relationship capital, serve as the cornerstone of our business growth and operational excellence. Recognising their significance and interconnectedness enables us to make informed decisions, balancing trade-offs to enhance each capital's value and foster sustainable long-term value for the Group and our stakeholders.



MANUFACTURED CAPITAL

DEFINITION OF CAPITAL

Our land bank and property products under management that provide a sustained source of long-term revenue generation.

INPUTS

- Approximately 14,800 acres of land bank owned.
- 25 active townships and integrated developments.
- 32 assets owned/managed.
- 4 leisure assets.

ACTION TO ENHANCE OUTCOMES

- Conducted a comprehensive assessment and re-strategised new launch plans in response to evolving market conditions.
- Acquired new land for business expansion and future income generation.
- Transformed complementary businesses to add value to core property development business.
- Completed the first phase of homes designed to accommodate multi-generational living with senior-friendly, age-in-place features.

OUTPUTS / OUTCOMES

	2023	2022
Delivery of completed units	3,440	1,855
GDV of new launches	RM4.0 billion	RM2.6 billion
Total sales achieved	RM3.3 billion	RM3.7 billion
Total unbilled sales	RM3.6 billion	RM3.6 billion

TRADE-OFFS

Land acquisition for future developments and the transformation of complementary business necessitates short-term financial capital. However, in the long term, these initiatives will drive overall organisational growth and enhance financial stability. While the development of our land bank may have negative implications for natural capital, these can be mitigated by leveraging human capital and intellectual capital.



FINANCIAL CAPITAL

DEFINITION OF CAPITAL

Income generated from our core and recurring business segments, combined with strategic planning, monetisation, and fundraising initiatives, strengthens our cash flow position which enables the Group to capitalise on opportunities and new value propositions.

INPUTS

- Shareholders' fund of RM10.1 billion
- Total Equity of RM10.3 billion
- Cash balances of RM602.6 million
- Total debt of RM2.9 billion
- Prudent safeguarding of the Group's financial position through optimal liquidity management and an efficient capital structure.

ACTION TO ENHANCE OUTCOMES

- Continued to offer a diversified product mix of industrial and residential products.
- Planned market-driven launches that address fluctuating market preferences and changing demographics.
- Promoted aggressively via data-driven and omnichannel customer-focused marketing campaigns.
- Managed inventory prudently to minimise unsold inventories.
- Monetised non-core land and low-yielding assets as part of active land bank management strategy.
- Focused on income diversification strategy that unlocks synergies between our business segments and supports our recurring income objectives.
- Preserved a healthy balance sheet through effective capital, cashflow and cost management.
- Secured adequate funding lines, including the activation of SRI Sustainability Sukuk Musharakah, to finance projects aligned with Sime Darby Property's 2030 Sustainability Goals.

OUTPUTS / OUTCOMES

	2023	2022
Revenue	RM3,436.9 million	RM2,742.1 million
Profit Before Tax	RM610.3 million	RM458.9 million
PATAMI	RM407.9 million	RM315.8 million
Dividend declared	RM170.0 million (2.5 sen)	RM136.0 million (2.0 sen)
Dividend payout ratio	41.7%	43.1%
Net gearing ratio	22.7%	21.8%

TRADE-OFFS

Strengthening financial capital through measures like cost rationalisation may come at the expense of human capital and natural capital. Other strategies to bolster financial capital may require additional borrowings, which could elevate the gearing level. However, these steps are essential for achieving sustainable returns in the medium to long term.

Performance by Capitals



HUMAN CAPITAL

DEFINITION OF CAPITAL

The skills, capabilities and diversity of our employees are instrumental in driving our SHIFT25 strategy, ensuring the future resilience of Sime Darby Property as we pursue our strategic priorities and achieve positive business outcomes.

INPUTS

- 4,217 learning programmes organised in 2023, with 86% dedicated to functional, technical and sustainability programmes to support our 2023 objectives for a more skilled and capable workforce.
- RM3.5 million invested in learning & development programmes.

ACTION TO ENHANCE OUTCOMES

- Increased the number of face-to-face programmes in response to employee feedback, while maintaining LinkedIn Learning as a supplementary support for employees' learning needs.
- Implemented our Quality, Health, Security, Safety and Environment ("QHSSSE") Policy together with HSSE Compliance Controls, HSSE Management Systems and Safety & Health Management Plans across our operations.
- Upheld an effective performance management, robust talent management and framework.
- Sustained inclusive and accessible employee engagement platforms to motivate performance, build competencies and deliver a positive employee experience.
- Empowered employees with continuously updated digital systems, ensuring better engagement and sharing of resources to facilitate heightened work efficiency.
- Increased number of employee engagement activities to instil teamwork and collaboration while fostering a healthy and happy work environment.

OUTPUTS / OUTCOMES

	2023	2022
Average training days per employee	6.09 days	8.72 days
Total training hours	74,072 hours	101,662 hours
Percentage of women in the workforce	44%	44%
Percentage of women in the Board	36%	30%
Percentage of women in C-suite positions	40%	36%

TRADE-OFFS

Investments in growing and nurturing our employees are essential towards building a culture of high performance and leading with excellence and innovation. We also continuously invest in our talent retention initiatives through employee engagement and recognition programmes. As our business is on a growing trajectory towards delivering our SHIFT25 strategy, attracting and onboarding the right talent is key in driving and sustaining our business. These initiatives reduce our financial capital in the short term but enhance our financial and social capitals in the longer term as more engaged and competent talents will increase our productivity and strengthen our stakeholder relationships.



SOCIAL & RELATIONSHIP CAPITAL

DEFINITION OF CAPITAL

Sime Darby Property's community enrichment initiatives are not solely altruistic; they represent a collaborative partnership that yields mutual long term benefits. The goodwill we cultivate fosters trust and enhances our brand's credibility, resulting in a win-win scenario for all involved parties.

INPUTS

- 778 volunteers rallied during 2023.
- Empowerment of local communities.
- Responsible corporate citizenship.

ACTION TO ENHANCE OUTCOMES

- Continued to actively engage in various community development programmes, donating resources and supporting initiatives that empower underprivileged communities.
- Continued to manage our dedicated employee volunteers through a comprehensive programme, delivering impactful activities that contributed to Target No. 7 of the Group's 2030 Sustainability Goals, which is to achieve 10,000 volunteer hours by 2030.

OUTPUT/OUTCOMES

	2023	2022
Number of CSR initiatives	25	34
Number of beneficiaries benefited from CSR initiatives	>5,000	>7,000
Number of volunteer hours	2,941	2,220
Total Amount of Donations, Sponsorships & Zakat	RM12.2 million	RM23.1 million
Total Amount of Community Investments	RM3.4 million	RM8.1 million

TRADE-OFFS

While we utilise Financial Capital to invest in open communication with communities, these initiatives strengthen our social license to operate, building trust and enabling the ongoing development of sustainable infrastructure that benefits all stakeholders, enhancing our Manufactured Capital. Similarly, the costs incurred and employee efforts exerted in collaborating with stakeholders on community and environmental initiatives are balanced by both Natural Capital and Human Capital benefits driven by more efficient processes, reduced environmental impact and a shared sense of ownership.

Performance by Capitals



NATURAL CAPITAL

DEFINITION OF CAPITAL

We aim to utilise land, water and energy efficiently and responsibly to preserve a thriving natural environment, which is essential for the well-being of both people and the planet.

INPUTS

- Our pledge to achieve Net Zero carbon emissions by 2050.
- Embedding sustainability initiatives across our value chain to enhance responsible resource management and optimise environmental performance.
- Enhancement of urban biodiversity efforts to create green spaces such as KL East Park.
- Our use of renewable energy, water-efficient fittings and energy-efficient equipment.
- Energy Consumption: *83,306 GJ
- Water Withdrawal: 985.996 ML

* This data has been externally assured. Please refer to the Independent Assurance Report on page 388 to 391.

OUTPUTS / OUTCOMES

	2023	2022
Operational carbon emission reduced	649 tCO ₂ -e	489 tCO ₂ -e
Waste diverted from landfill	25%	29%
Carbon sequestration	16,622 tCO ₂ -e- from planted trees across our developments 10,394 tCO ₂ -e- net removal until 2030 from 53 acres of KL East Park	13,072 tCO ₂ -e
Total number of trees planted since 2011	143,679 trees	125,161 trees
Endangered, Rare & Threatened ("ERT") trees planted since 2011	26,085 trees	24,560 trees
Energy-efficient homes built	3,764 homes	5,560 homes
Carbon Disclosure Project rating	B	C

ACTION TO ENHANCE OUTCOMES

- Strengthened governance of sustainability matters with the establishment of Management Sustainability Committee and Board Sustainability Committee.
- Engaged constantly with stakeholders in the value chain, communicating the Group's climate change direction and our expectations for vendors to start their ESG journeys.
- Raised employee awareness on sustainability through communication programmes.
- Identified sustainability risks and opportunities in our enterprise risk framework.
- Enhanced the sustainability features of our homes by installing solar panels and water-saving fittings.
- Conducted biodiversity baselines for active townships.
- Maintained the Elmina Rainforest Knowledge Centre and Elmina Living Nursery Collection as ongoing urban biodiversity initiatives.
- Established embodied carbon baseline for double-storey link houses as part of Scope 3 study.
- Continued community engagement with NGOs to raise awareness on waste recycling.
- Announced the Group's pledge of achieving Net Zero carbon emissions by 2050.
- Implemented 2023 Playbook of 14 sustainability metrics, featuring scorecards for increasing energy efficiency initiatives, reducing one tonne of tCO₂-e for every phase in Design Review Meetings ("DRM") through the use of alternative low carbon materials, and a checklist of Sustainability Elements.
- Assessed the Group's urban biodiversity baseline for selected townships, with assessments conducted in accordance with the Sime Darby Property Biodiversity Index Manual.
- Improved biodiversity in township planning with our Tree-2-Tree ("T2T") 2.0 initiative, under which every township is required to plan, implement and monitor tree replacement activities to achieve a 1:1 planting replacement ratio.

TRADE-OFFS

While the protection and conservation of the natural environment may deplete our financial capital, it is crucial for long-term business sustainability, as these efforts ultimately support the availability of suitable areas and locations for property development. Our proactive stance on environmental stewardship further enhances our market reputation, positively impacting our social and relationship capital and supporting the growth of our manufactured and financial capitals.



INTELLECTUAL CAPITAL

DEFINITION OF CAPITAL

We leverage new technologies and industry insights to improve our operational performance and strengthen customer relationships. This strategy enables us to operate with greater efficiency, adapt quickly to market dynamics and consistently deliver high-quality service.

INPUTS

- Incorporated Robotic Process Automation (“RPA”) within our Enterprise Resource Planning (“ERP”) system.
- Integrated eProcurement system and ERP platform.
- Strategic integrations with major commercial banks.
- Sophisticated management dashboards that deliver real-time insights into construction progress.

ACTION TO ENHANCE OUTCOMES

- Collaborated with more commercial banks to drive greater integration for seamless loan applications.
- Conducted a cybersecurity maturity assessment to ensure our security measures sufficiently protect our customers’ and other confidential data.
- Implemented targeted change management initiatives to facilitate a smooth transition to our upgraded digital processes, ensuring organisation-wide support and minimal disruptions.

OUTPUTS / OUTCOMES

- Seamless payment processing via the integration our ERP and eProcurement systems.
- Convenient loan processing experience for homebuyers through the integration of our Online Booking System with Maybank’s Home2u financing platform.
- Achieved a QCLASSIC score of 82% for 2023, compared to 79% in 2022.

TRADE-OFFS

The implementation of our 2023 digital initiatives, such as the development of management dashboards and the adoption of automation, required financial capital investment in new technologies and processes. However, these efforts are focused on maximising long-term gains, paving the way for enhanced manufactured capital in the form of operational efficiencies and more informed decision-making. Despite the initial focus on reshaping internal structures, the resultant streamlined internal workflow systems and improved stakeholder engagement will ultimately bolster our Human and Social & Relationship Capitals. Simultaneously, our commitment to robust cybersecurity, while requiring continuous injection of financial capital, is essential in maintaining the integrity and trust of our digital infrastructure, further bolstering our Social & Relationship Capital and shaping a future where technology drives growth and adds value across our business landscape.

Stakeholder Engagement & Value Creation

To comprehensively grasp the issues significant to our stakeholders, we engage our stakeholders regularly to better understand and respond to their concerns. These engagements foster stronger relationships and provide valuable insights into the diverse expectations of each stakeholder group. This enables us to accurately identify our material matters and align our strategies with stakeholder priorities, thereby maximising the value we generate for all parties with a vested interest in our business.

Frequency of Engagement

A Annually **Q** Quarterly **M** Monthly **W** Weekly **D** Daily **O** Ongoing **OR** On Request **R** Regularly **P** Periodically

CUSTOMERS

Our customers are our foremost stakeholders, and our success hinges on our ability to effectively cater to their needs.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

Engaging with both existing and potential customers is essential for understanding their needs and gaining insights into current and future market trends. By incorporating their input into our product designs, we can meet and exceed their expectations, ensuring sustained demand for our developments and homes.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

- O** Online Booking System ("OBS") platform
- O** Physical sales and marketing initiatives
- O** Website, call centre and social media channels
- O** High-5 and Quick-Fix initiatives (upon handover of keys)
- O** Net Promoter Score ("NPS") surveys
- P** Project launches
- P** PRIME member events
- P** Product launches and corporate events
- P** Meetings with joint management bodies and residents' associations
- P** Community events that promote sustainability such as tree-planting, urban farming and recycling efforts

KEY CONCERNS RAISED

Continuous engagement and effective resolution of any property-related issues that may arise.

Provision of community facilities that promote healthy and sustainable lifestyles.

RESPONSES/OUR APPROACH

- Regular meetings with management bodies and residents' associations.
- Dedicated personnel for each township and development to serve as points of contact with the community.
- Quick-Fix programme to resolve issues faced by residents upon moving into their new homes.

- Implementing placemaking features such as jogging and bicycle tracks, as well as community parks, among others.
- Opened the KL East Park to the public, enabling visitors to enjoy a biodiverse park resplendent with thriving flora and fauna.

CUSTOMERS (continued)

KEY CONCERNS RAISED

Eco-efficient townships/homes and safe amenities.

RESPONSES/OUR APPROACH

- Use of green label construction materials, such as Forest Stewardship Council (“FSC”) certified doors and timber flooring.
- Enabled homebuyers the option to install solar panels and water-saving fittings in their units.
- Tree-to-Tree replacement policy, with emphasis on planting endangered, rare and threatened (“ERT”) species.

HOW WE MEASURE VALUE

- Monitoring the trend of positive or negative feedback gained from customers.
- Benchmarking against KPIs such as Net Promoter Score.
- Tracking customer footfall and their participation in our placemaking activities.
- Total number of bookings.

VALUE CREATED FOR STAKEHOLDER

- Safe and sustainable products that meet their lifestyle aspirations.
- Facilities and amenities that support a thriving community.
- Provision of a high level of service and quality.

VALUE CREATED FOR THE ORGANISATION

- Continuous and sustainable demand for our projects and new products.
- Heightened recognition as a trusted and reliable developer.
- Unlocking greater collaboration with customers in fostering sustainable communities.

RISKS

- Failure to keep up with changing market expectations and evolving demographic trends may place our business at risk of becoming irrelevant.

OPPORTUNITIES

- Catering to current and future trends helps to maintain our market share and leadership.
- The incorporation of elements that promote sustainability will influence communities to adopt sustainable lifestyles.

BUSINESS INITIATIVES

- Consistent promotion of the PRIME membership to enhance exposure of new deals and product launches.
- Established a strategic partnership with Maybank to offer a seamless home financing experience through the Online Booking System (“OBS”) for potential homebuyers.
- Conduct regular engagements with both our potential and existing customers through project launches, community events, forums and customer satisfaction surveys.

VALUE CREATION INDICATORS

- Net promoter score.
- Volume of customer complaints.
- Number of available touchpoints.

Stakeholder Engagement & Value Creation

EMPLOYEES

Our employees serve as the backbone of our organisation, contributing their skills, dedication and commitment towards achieving the Group's strategic objectives and ambitions.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

We engage with employees to foster a sense of belonging within the Group and to promote ownership of roles and responsibilities, thereby cultivating a high-performance culture. Additionally, we gather important feedback on issues that matter to them, leveraging these insights to enhance our talent management approach.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

W	Intra - and interdepartmental meeting	O	Volunteering opportunities
D	Email announcements	O	HR Business Partner engagements
Q	Newsletters	O	Jalanan Nurani digital platform
O	Viva Engage digital employee engagement platform	O	Employee engagement activities
A	Individual performance reviews	R	Skip-Level Meetings
O	Personal and professional development programmes	R	New onboarding programme for new hires
A	Focus group discussions	R	Speak Up Forum
A	Townhalls		

KEY CONCERNS RAISED

Fair and competitive career promotion opportunities.

Employee well-being and wellness.

Preserving a healthy work-life balance.

Better understanding of sustainability issues and how employees can add value.

RESPONSES/OUR APPROACH

- Provide training and project assignments that enhance employees' skills in line with business goals.
- Establish an internal mobility framework.

- Continue to utilise the Jalanan Nurani platform to assist employees and their family members with mental or physical health concerns.
- Provide monetary relief in the event of calamity.
- Organise employee well-being programmes and webinars on topics such as healthy eating habits, taking the right supplements, battling burnout and reducing the risk of breast cancer, among others.
- Introduce Group-wide sports events to promote an active lifestyle and healthy competition.

- Introduce flexible work arrangements for all employees.

- Introduce flexible work arrangements for all employees.
- Educate employees about sustainability using internal channels.
- Involve employees in sustainability-related programmes, such as Sustainability Day.
- Roll-out of e-learning platforms on sustainability topics for all employees.

HOW WE MEASURE VALUE

- Promotion and transfer rates.
- Employee engagement scores (Employee Wellness/Health/Safety Dimension).
- Employee engagement scores (Work/Life Balance Dimension).

EMPLOYEES (continued)

VALUE CREATED FOR STAKEHOLDER

- Competitive remuneration and benefits.
- Professional development opportunities.
- Safe and conducive working environment with effective welfare management.
- Equal opportunities within an inclusive work culture.
- Opportunity to contribute towards a more sustainable environment.

RISKS

- Without the right work culture and competencies, we may hamper our efforts to attain our SHIFT25 goals.
- Ability to attract high-quality talent.
- Employee satisfaction.
- Increased turnover rate.

BUSINESS INITIATIVES

- Employee engagement survey.
- Management associate programme.
- Employee engagement and wellness programmes.
- Flexible work arrangements and policy.
- Learning and development programmes.
- TEAM badges for recognition.
- TEAM Values workshops.
- Mental Health Support.
- Channels for employees to share feedback, such as our Speak Up Forum and Skip Level meetings.
- Onboarding programme for new hires.
- Scholarship for employees and their children.
- Flexible workspaces for collaboration.
- Employee recognition initiatives.
- Tailored talent and successors development programmes.
- Minimum living wage initiatives.

VALUE CREATED FOR THE ORGANISATION

- Enhanced and sustainable pipeline of talent to drive a high-performance culture.
- Competent and engaged workforce equipped to deliver on our aspirations.

OPPORTUNITIES

- By consistently engaging with our employees and embedding our TEAM Values, Purpose, Vision, and Mission, we inspire them to consistently excel in their performance, thus advancing our corporate and sustainability goals.
- Effective employee management and engagement will help us attract top talents from the industry.
- Adopting the digitalisation of HR processes will serve to improve productivity and efficiency.

VALUE CREATION INDICATORS

- Employee retention rate.
- Employee engagement scores.
- Total training hours and spend on learning and development.
- Receipt of awards related to employee management. In 2023, we received the Talentbank's Graduates' Choice Award 2023, LinkedIn Learning Champion 2023 and HR Asia's Best Companies to Work for in Asia 2023 Award.

Stakeholder Engagement & Value Creation

VENDORS

Our vendors play a crucial role in supporting our operational activities, encompassing contractors, consultants and suppliers for our construction projects, alongside other non-construction vendors.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

Open two-way communication with our vendors is essential for better understanding each party's needs. This fosters timely delivery of high-quality products, enhances efficiency and strengthens collaborative partnerships towards shared objectives.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

- A** Annual dialogue
- A** Safety and sustainability trainings
- M** Procurement and appointment process
- O** Vendor Performance Evaluation
- O** Relationship-building and networking sessions
- O** Data collection process
- O** Meetings

KEY CONCERNS RAISED

High construction cost.

Lack of capable contractors.

Lack of knowledge and implementation on sustainability practices.

RESPONSES/OUR APPROACH

- Securing early appointment of contractors, as well as retaining them with Sime Darby Property.
- Implementing a new contracting model – buy forward option and cost-led procurement.
- Strategic sourcing initiatives – source for local products.
- Labour supply – monitoring the status for key contractors and closely follow-up on their action plan.

- Conduct dialogues, workshops with industry experts, knowledge sharing sessions and on-site learning activities.
- Enforce Vendor Code of Business Conduct (“VCOBC”) to align with Sime Darby Property’s supply chain aspirations.

- Adopt best practices in managing sustainable development within the supply chain.
- Engage vendors on eco-efficiency programmes and improved data collection.

HOW WE MEASURE VALUE

- Quality product by contractors based on QCLASSIC Score by each project.
- Cost saving or avoidance achieved as compared to the project’s budget.
- Number of vendors participated in the Vendor Development Programme (“VDP”).
- Vendor acknowledgement on VCOBC requirements to be complied by vendors during vendor registration.
- Number of new technology, innovation and sustainable products and services introduced by vendors.

VENDORS (continued)

VALUE CREATED FOR STAKEHOLDER

- Compliance and governance adherence.
- Enhanced business continuity for vendors.
- Competitive terms of contract supported by safe work standards.
- More business opportunities.

RISKS

- Dependence on preferred vendors may lead to supply disruptions during unforeseen circumstances.
- ESG issues within our supply chain could result in non-compliance and affect progress towards the Sime Darby Property 2030 Sustainability Goals.
- Outdated vendor information in the Vendor Management System could lead to inappropriate vendor selection or appointments.

BUSINESS INITIATIVES

- Engagement with vendors.
- Vendor Development Programme.
- Annual Partners Dialogue with vendors.
- Sime Darby Property's Vendor Code of Business Conduct.

VALUE CREATED FOR THE ORGANISATION

- Good and capable pool of contractors.
- More competitive pricing from contractors.
- Reliable fulfilment of contractual obligations.
- Quality project delivery.
- Timely delivery of project targets.
- Meeting safety and sustainability criteria and objectives.

OPPORTUNITIES

- Synergistic partnerships present the opportunity to facilitate innovation and the adoption of advanced construction methods or technology.
- Developing collaborative vendor relationships will support improved pricing and enhanced cost optimisation.

VALUE CREATION INDICATORS

- Cost saving and avoidance.
- Quality, safety and timely completion of projects.
- ESG readiness in meeting the target objectives.

Stakeholder Engagement & Value Creation

INVESTORS & ANALYSTS

Investors contribute crucial financial capital for the Group's business activities, while analysts assess and disseminate information regarding our performance and future prospects.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

By keeping our investors and analysts well-informed about our financial and operational performance, business developments, strategies and direction, we can ensure they make sound investment decisions and recommendations. Through our engagements, we are further able to effectively address their queries and concerns, while clarifying the Group's position on key issues and announcements.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

- P** Investor conferences
- A** Annual General Meetings and annual reports
- P** Extraordinary General Meetings
- Q** Investor briefings
- R** One-on-one/group meetings
- P** Non-deal roadshows
- R** Email or phone communication
- R** Investor Relations webpage and news updates
- P** Site visits

KEY CONCERNS RAISED

Delivery of a sustainable financial and operational performance, announced on a quarterly basis.

Implementation of growth strategies with a clear emphasis on long-term shareholder returns.

Prospects of the property sector and response to macroenvironment factors relating to the Group's operating landscape.

RESPONSES/OUR APPROACH

- Organise quarterly briefings on financial and operational results, alongside updates on key developments and strategies.
- Communicate clear strategic direction, expected goals and outcomes, broad risk exposure and mitigation controls, as well as performance targets of the Group via:
 - One-on-one/group meetings.
 - Investor conference calls.
 - Non-deal roadshows.
 - Informative, accurate, timely and transparent quarterly results announcements and annual reports.
- Provide direct access to Board members and Executive Leaders during Annual General Meetings.
- Offer prompt responses to queries from investors and analysts.

INVESTORS & ANALYSTS (continued)

HOW WE MEASURE VALUE

- The value of dividends declared: in 2023, we declared dividends amounting to RM170 million (2.5 sen per share; 41.7% payout ratio).
- Tracking our market capitalisation growth: the Group achieved a market capitalisation of RM4.3 billion as at 31 December 2023.
- Share Price Performance: based on FY2023 performance, analysts' evaluation indicate a prevailing market consensus, with an average target price of RM0.886. Our current share price valuation also stands at a considerable discount of 57% to the Revalued Net Asset Value.
- Our share price valuation has been positively recognised by analysts, who have accorded an ESG Premium, reflecting the acknowledgement of our commitment to environmental, social, and governance principles in our business practices.

VALUE CREATED FOR STAKEHOLDER

- Attractive short and long-term returns on investments.
- Sustainable results driven by sound corporate governance and risk management, a robust growth strategy plan, and transparent disclosures on financial and non-financial performance.

RISKS

- Inaccurate financial analysis and/or forecasts reported by analysts may impact our stock ratings and share price performance.

BUSINESS INITIATIVES

- Continuous engagement with shareholders and investors.
- Timely and transparent corporate, financial and non-financial disclosures.
- Communication of our ESG practices through our Sustainability Report and corporate website.

VALUE CREATED FOR THE ORGANISATION

- Transparent financial reporting and strategic disclosure to stakeholders, which will in turn bolster trust, mitigate risks, and showcase our values, enhancing our reputation and driving long-term value.

OPPORTUNITIES

- Transparent and timely disclosures provide investors with opportunities to make informed and sound investment decisions.

VALUE CREATION INDICATORS

- Share price.
- Dividend payout ratio.
- Return on equity.
- Earnings per share.
- Market capitalisation.

Stakeholder Engagement & Value Creation

MEDIA

Members of the media collectively serve as a vital conduit through which the Group communicates and engages with external stakeholders and the broader community.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

Our close engagement with the media allows us to leverage their wide reach in disseminating accurate and timely information about the Group's performance, outlook, and business developments to the general public. By fostering mutually beneficial partnerships with the media, we can effectively manage and enhance the Group's credibility, reputation, visibility and positioning with the public sphere.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

- O** Press releases & statements and notes to editors
- P** Festive gatherings & media events
- A** Annual reports
- P** Participation in feature/news articles
- P** Product launches and corporate events
- OR** Joint campaigns and advertising

KEY CONCERNS RAISED

Regular, accurate and transparent updates on performance, developments, financial statements and crisis management.

Market and industry insights.

Updates on business strategies and tactics.

Prompt responses to issues raised by media members.

RESPONSES/OUR APPROACH

- Work closely with Executive Leadership to provide timely and comprehensive financial and non-financial updates to the media.
- Share information accurately and transparently via holding statements and/or media responses during crisis.
- Provide regular Group updates on product launches, sales campaigns, CSR activities, sustainability initiatives and key appointments, among others.

- Provide media members with access to our leadership team's perspective on the market and industry.

- Disseminate news and updates on our business strategies, market insights and future outlook.

- Respond promptly to media enquiries and requests through the Group Corporate Communications.

HOW WE MEASURE VALUE

- Amount of media mileage gained and calculated through brand monitoring tools.
- Tracking of brand sentiment encompassing earned and social media.
- Share of Voice measurement through social listening.

MEDIA (continued)

VALUE CREATED FOR STAKEHOLDER

- Convenient access to reliable and timely information and updates on our performance.
- Regular updates and insights into industry developments and trends.

RISKS

- Negative, incorrect or insufficient media coverage may tarnish our brand reputation.
- Discrepancies highlighted by the media may influence investor sentiments and reputation.

BUSINESS INITIATIVES

- Consistent and transparent news and information sharing through media interviews, press releases, Q&As, media briefings and our website.
- Frequent utilisation of social media platforms for dissemination of news and driving media engagement.

VALUE CREATED FOR THE ORGANISATION

- Improved ability to address public concerns about Group initiatives, campaigns or crises.
- Enhanced transparency in our reporting.
- Promotion of Sime Darby Property as a leading voice for the industry.
- Improved status and standing as a reputable lifestyle master developer.
- RM98.1 million in PR value gained during FY2023.

OPPORTUNITIES

- We can leverage on close media relationships to enhance our brand positioning and reputation.
- Having a reliable media network will boost our ability to rapidly circulate vital business information.
- Accurate and transparent communication will increase public confidence in our brand.

VALUE CREATION INDICATORS

- PR Value calculated via reputable media monitoring tools.
- Likes, comments and sharing of social media postings.

Stakeholder Engagement & Value Creation

DEBT PROVIDERS

Debt providers and lenders play a pivotal role in providing the Group with access to capital, enabling the implementation of our strategies and initiatives.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

Close engagement with debt providers and lenders is essential to maintain their commitment to continue to lend to the Group. Keeping them updated on our financial, operational and strategic performance, as well as communicating our governance and risk management framework and practices, fosters robust relationships based on transparency and trust.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

- R** Email communication
- Q** Meetings
- Q** Events hosted by debt providers
- P** Site visits
- A** Annual General Meetings and Annual Reports

KEY CONCERNS RAISED

Ability to service debt obligations and adherence to covenants.

Governance practices and risk management framework.

RESPONSES/OUR APPROACH

- Deliver transparent disclosures of operational, financial and strategic performance and updates.

- Provide details and insights into our corporate governance and risk frameworks.

HOW WE MEASURE VALUE

- Credit score rating.
- Availability of standby facility lines and other loans at competitive rates.

VALUE CREATED FOR STAKEHOLDER

- Steady returns anchored by reliable principal and interest payments, sound governance and risk management, compliance with terms of borrowing.
- New potential financing opportunities while building long-term relationships.

VALUE CREATED FOR THE ORGANISATION

- Access to debt markets to support our business growth.
- Available market updates and key updates on monetary policy regulations.
- Access to green financing on projects which have positive impact on the environment and communities that we operate in.

RISKS

- Inability to obtain timely financing to support the Group's business growth objectives.

OPPORTUNITIES

- The Group has the ability to access different debt providers, given its financial strength.
- Future potential debt upsizing including green financing.

DEBT PROVIDERS (continued)

BUSINESS INITIATIVES

- Frequent and transparent communication and engagement with financiers to ensure that they understand our business.
- Ensure comprehensive and clear reporting of the Group's financial performance is done through quarterly briefings and annual reports.
- Ensure that the debt providers understand our growth plan and strategic focus.

VALUE CREATION INDICATORS

- Improved credit score rating.
- Competitive interest rates.
- Shorter approval timeline on additional financing.

REGULATORS

Regulators dictate the standards and practices within our industries, with our ongoing compliance to these regulations vital in ensuring the stability and longevity of our business operations.

ENGAGEMENT PURPOSE (WHY WE ENGAGE)

Regular and active engagement with regulators allows us to stay abreast of changes and updates in the regulatory environment, driving continuous compliance with existing and new requirements across all spectrums of our business.

CHANNEL & FREQUENCY OF ENGAGEMENT (HOW WE ENGAGE)

- P** Meetings
- Q** Industry forums
- O** Email communication
- Q** Government consultations
- P** Seminars/webinars
- Q** Advisory groups

KEY CONCERNS RAISED

Compliance with rules and regulations, including newly updated requirements.

Share, contribute and co-create industry best practices or new policies and regulations.

Support for national agenda.

RESPONSES/OUR APPROACH

- Participate in industry and national-level forums to keep abreast of changes in the regulatory environment.
- Ensure adherence to all relevant requirements via the Group's compliance function.

- Lend our industry perspective and experience to help shape new policies and regulations.
- Share knowledge and best practices in industry forums.

- Contribute to national development through products and initiatives such as affordable housing, biodiversity inventories, as well as wetland construction and maintenance guidelines.

Stakeholder Engagement & Value Creation

REGULATORS (continued)

HOW WE MEASURE VALUE

- Track record of regulatory compliance and performance in regulatory assessments.
- Upholding of regulatory commitments, such as payable income tax.
- Monitoring feedback from regulatory bodies during engagement sessions.

VALUE CREATED FOR STAKEHOLDER

- Their expectations for compliance with rules and regulations are consistently met or surpassed.
- Provision of support and contributions towards national and industry development.

RISKS

- Non-compliance with new or existing regulations could result in fines and impact our reputation.
- Operational disruptions caused by non-compliance can further impact the efficiency and timeliness our of projects.

BUSINESS INITIATIVES

- Continuously drive and promote compliance towards the Group's Anti-Corruption and integrity-related management frameworks.
- Actively engage in various government and authorities' discussions related to our businesses to discuss government policies and regulatory requirements.

VALUE CREATED FOR THE ORGANISATION

- Enhanced guidance on rules and regulations from regulators.
- Improved access to support from industry peers and authoritative bodies.

OPPORTUNITIES

- By engaging closely with regulators and industry bodies, we are able to deepen existing relationships and foster strategic collaborations.

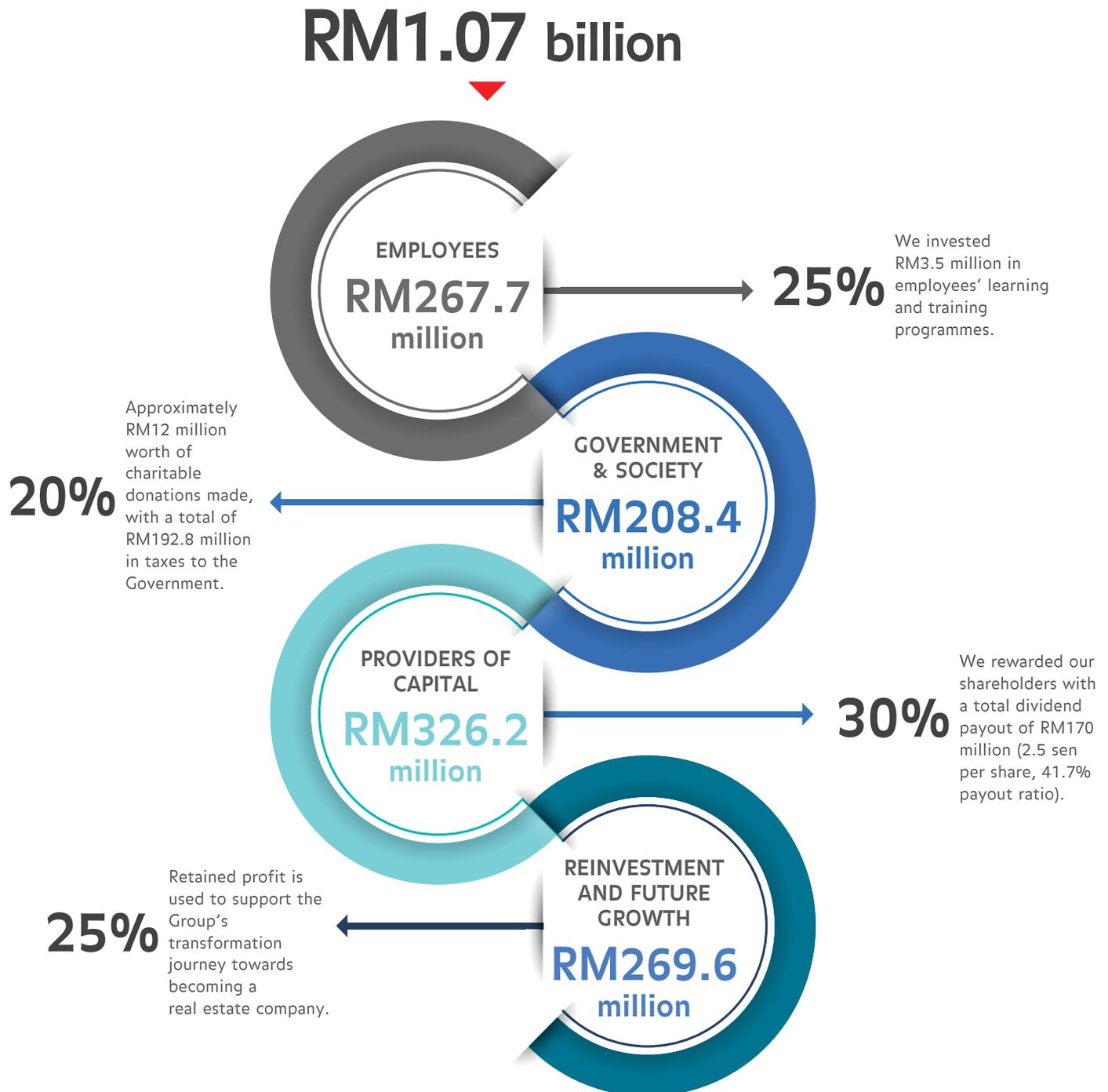
VALUE CREATION INDICATORS

- Compliance to regulatory requirements.
- Amount of tax contributed to the government.
- Ratings received by regulatory bodies and indices.

How We Distribute Value

In ensuring that we continue to deliver positive results to our stakeholders, Sime Darby Property distributes value created through numerous channels, some of which go beyond financial means, ranging from training and learning programmes for our employees to diverse community initiatives, in our efforts to create a more sustainable future for all our stakeholders.

Value created in FY2023 was distributed as follows:



Stakeholder Scorecard

STAKEHOLDER	INDICATOR	VALUE DRIVERS How it links to value creation
 EMPLOYEES	Salaries & Benefits (RM mil)	Remuneration and benefits to employees
	Training Spend (RM mil)	Investment in employee development
	Diversity: Women in Senior Management (%)	Progress of women in leadership positions
	Diversity: Senior Management (%)	Diverse and inclusive employees in leadership roles
 CUSTOMERS & COMMUNITIES	Net Promoter Score (%)	Overall satisfaction with our products and services
	Total Socioeconomic Spend (RM mil)	Contribution to society
 INVESTORS & SHAREHOLDERS	Revenue (RM mil)	Business performance
	Return on Shareholders' funds (%)	Business performance
	Dividend Payout (%)	Business performance and efficiency
	Total Shareholder Return (%)	Wealth creation for shareholders
	Share Price Performance (%)	Share price appreciation
	Full-year Dividend Per Share (cents)	Dividends for shareholders
 REGULATORS	Corporate Taxes (RM mil)	Contribution to government funds
 VENDORS	Local Procurement Spend (RM bil)	Supporting local vendors



2023	2022	2021
267.7	236.4	178.2
3.5	2.8	0.7
36	34	29
8.5	7.9	8.1
70	69	68
15.6	31.1	22.3
3,436.9	2,742.1	2,216.6
4.2	3.3	1.6
41.7	43.1	46.3
45.4	-27.0	2.2
40.0	-26.2	-10.4
2.5	2.0	1.0
192.8	147.2	118.2
2.2	1.6	1.4

STRATEGIC REVIEW

Material Matters

Our Material Matters serve as focal points for sustainability issues that hold significant potential to affect our operations and stakeholders. Through our rigorous double materiality assessments, we delve deeply into each matter, assessing associated risks, opportunities, and impacts amidst evolving regulatory and operational landscapes. Subsequently, we are empowered to refine our sustainability strategy to closely align our business goals with environmental and societal responsibilities. This approach enhances our market adaptability and agility while reinforcing our sustainability commitments in line with the rising expectations of our discerning stakeholders.

For further details on our methodology and the prioritisation of our material matters, please refer to pages 18 to 19 of our Sustainability Report 2023.

INNOVATION

Description

We drive our business competitiveness, enhance customer experiences, and improve work efficiency through technology and digitalisation.

Why it is important

Creating and adopting new innovations ensure that the Group is able to meet the ever-growing demands of our stakeholders, drive business growth and promote continuous resilience and sustainability.

Risks

- Companies that lag behind in innovative adoption will be financially disadvantaged as narrowing margins demand optimum cost and operational efficiencies.
- Inability of employees to adapt to rapidly changing digital/technology landscape.

Opportunities

- Reskill and upskill employees for greater comfort in using new technologies optimally.
- Integrate the most effective technologies into all operations to ensure the fastest, most cost-effective and sustainable developments of consistently high quality.

Links

Capitals



Stakeholders



UN SDG



ENERGY & CARBON MANAGEMENT

Description

We manage our greenhouse gas emissions by reporting across various scopes, setting reduction targets, and initiating strategies such as improving energy efficiency and adopting renewable energy sources, including rooftop solar panels.

Why it is important

Properly managing energy and carbon is crucial to a business as it enables an organisation to improve its energy use systematically, as well as track and report on its emissions.

Risks

- Degradation of environment quality caused by the Group’s operations.
- Financial and reputational loss due to legal non-compliance to laws and regulations.
- Environmental pollution causing negative impact to the community.

Opportunities

- Reduce operational expenditures through the implementation of energy and carbon management solutions.
- Minimise energy spending using tools such as smart metering, real-time power usage monitoring, and data-driven predictions to eliminate energy wastage points.
- Comply with energy and carbon regulations set by the government and relevant authorities.

Links

Capitals



Stakeholders



UN SDGs



URBAN BIODIVERSITY

Description

We evaluate the impact of our urban development on biodiversity and mitigate these impacts through conservation and restoration efforts, including on-site conservation to avoid impacts and off-site offsets.

Why it is important

Putting emphasis on urban biodiversity avoids the risks of fragmented landscapes and keep biodiversity systems intact, which in turn, allows for an area’s natural flora and fauna to flourish.

Risks

- Erosion of biodiversity would damage the ecosystem of an area.
- Increased dependence of nature such as the availability of a stable and arable land for development.

Opportunities

- Promote ecological resilience which can withstand environmental changes such as extreme weather events.
- Contribute to environmental education, community inclusion and opportunities for urban reforestation research and development.

Links

Capitals



Stakeholders



UN SDGs



STRATEGIC REVIEW Material Matters

CIRCULARITY

Description

We embed circular principles throughout our value chain by designing for recycling, procuring recycled materials, designing low-waste construction processes, and managing waste to minimise landfill contributions.

Why it is important

Embedding circular plans into a business ensures that resources are planned and managed accordingly to reduce waste to very minimum and enable continuous value creation.

Risks

- Erosion of biodiversity would damage the ecosystem of an area.
- Increased dependence of nature such as the availability of a stable and arable land for development.

Opportunities

- Reusing and recycling products would slow down the use of natural resources, reduce landscape and habitat disruption and help to limit biodiversity loss.
- Reduce raw material dependence for our products, developments and townships.
- Enhance R&D capabilities through new, innovative tools and processes.

Links

Capitals



UN SDGs



Stakeholders



WATER MANAGEMENT

Description

We optimise water usage by incorporating water considerations into our designs, reducing water intensity, ensuring proper treatment, and providing adequate access to water for our employees, contractors, and tenants.

Why it is important

Water management is essential as it allows a business to implement conscious, positive changes and practices to combat climate change.

Risks

- Inability to access adequate water supplies or services to effectively manage a company's operations due to flooding, drought or long-term water scarcity.
- Non-compliance to regulatory requirements pertaining to efficient water management.
- Occupational health & safety risk to stakeholders posed by contaminated water supply.

Opportunities

- Enhance operational efficiency through optimising water usage and reducing operational costs.
- Mitigate potential water-related risks across our townships and developments, as well as ensuring business continuity.
- Improve supply chain resilience by working closely with vendors to implement sustainable water practices throughout the supply chain.

Links

Capitals



UN SDGs



Stakeholders



CLIMATE ADAPTATION

Description

We assess and mitigate risks from the physical impacts of climate change (e.g., floods, sea-level rise) in our project design, development, and management.

Why it is important

Climate adaptation strengthens an organisation’s resilience towards combatting climate change through proactive measures and practices.

Risks

- Potential worsening of global warming.
- Potential business disruption due to severe weather conditions.
- Threats to human health, including our physical and psychological well-being.
- Erosion of biodiversity would damage the ecosystem.

Opportunities

- Contribute to environmental education, community inclusion and opportunities for urban reforestation research and development.
- Announced the Group’s pledge to become a net zero emission business by 2050.
- Greater adoption of renewable energy in products and assets to establish Sime Darby Property as a sustainable property developer.

Links

Capitals



UN SDGs



Stakeholders



OCCUPATIONAL HEALTH AND SAFETY

Description

We commit to providing a safe and healthy work environment by adhering to health and safety laws, regulations, and standards to prevent job-related injuries and aim for zero fatalities.

Why it is important

Occupational safety and health ensure a safe and conducive working environment for employees, vendors and other stakeholders.

Risks

- The nature of construction poses safety hazards that need to be monitored constantly.
- Threats to employees’ mental health due to work stress, job security and other personal issues.
- Possible legal action being taken by authorities due to negligence.

Links

Capitals



UN SDGs



Stakeholders



Opportunities

- Unrelenting emphasis on HSSE to establish Sime Darby Property as a champion of safety.
- Ensuring leadership commitment in enhancing safety awareness and health standards.
- Providing support to improve health and well-being for a sustainable work-life balance.

STRATEGIC REVIEW

Material Matters

COMMUNITY EXPERIENCE

Description

We foster positive community engagement by collecting and addressing feedback, ensuring adequate infrastructure and employment opportunities, and prioritising the health and safety of our tenants.

Why it is important

Continuous engagements allow an organisation to gain invaluable feedback from communities towards ensuring that the necessary initiatives and programmes meet their demands and expectations.

Risks

- Public criticism which could adversely impact brand reputation.
- Possible legal action being taken by communities/customers due to negligence/unsatisfactory service and experience.
- Impedes market leader position due to intensifying competition and disruption to business trends.

Links

Capitals



Stakeholders



UN SDGs



Opportunities

- Increase brand awareness making an organisation more visible to an even wider audience, creating a reliable, trustworthy, and generous business image.
- Enhance community development that fosters deeper ties and create a more harmonious social environment.

DIVERSITY AND INCLUSION

Description

We champion diversity and inclusion as core aspects of our corporate identity, embracing talents of different ages and ethnicities to enrich perspectives and contribute to our success.

Why it is important

Embracing diversity and inclusion at the workplace brings new perspectives and experiences, allowing innovation, connectivity, and encouraging a wider mindset.

Risks

- Pose a threat to implementation of a strategy due to the lack of diversity and inclusion in the Board and senior management team.
- Reputational damage to an organisation that lacks diversity and inclusion.

Links

Capitals



Stakeholders



UN SDG



Opportunities

- Widen talent pool and improve recruitment for more diverse talents.
- Increase employee engagement and trust.
- Create stronger business results and profits due to a wider pool of talent and ideas.

LABOUR STANDARDS AND PRACTICES

Description

We uphold high labour standards and practices, ensuring the fair treatment and well-being of all our employees.

Why it is important

Complying with labour standards and practices is crucial in helping safeguard the rights and safety of all employed workers of an organisation.

Risks

- Failure to prevent reputational damage due to perceived violation of labour practices.
- Non-compliance to regulations.

Links

Capitals



UN SDG



Stakeholders



Opportunities

- Implement good grievance mechanism and practices.
- Enhance productivity and employee retention.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Description

We ensure our supply chain partners advance on ESG imperatives, including reducing GHG emissions and upholding human rights throughout the procurement process.

Why it is important

Complying with labour standards and practices is crucial in helping safeguard the rights and safety of all employed workers of an organisation.

Risks

- Potential conflict of interest, corruption and unethical practices.
- Jeopardise the quality and safety of products and services.
- Overdependence on foreign workers may result in cost increase.

Links

Capitals



UN SDG



Stakeholders



Opportunities

- Create healthy collaborations with vendors.
- Create a database of reputable and reliable vendors.
- Enhance local vendors' ESG and OSH practices at worksites.

STRATEGIC REVIEW

Material Matters

DATA PRIVACY & CYBERSECURITY

Description

We prioritise our stakeholders' data privacy, continuously strengthening our cybersecurity measures and elevating our information technology security standards.

Why it is important

Cybersecurity is vital to protect sensitive data, prevent financial losses, ensure business continuity, safeguard intellectual property, meet regulatory requirements, maintain customer trust, and defend against evolving cyber threats.

Risks

- Pose a threat to the Group's data security.
- Financial loss for recovery of system.

Links

Capitals



UN SDG



Stakeholders



Opportunities

- Engage with stakeholders such as employees to create awareness on data protection and accountability.
- Create awareness on network and data protection to minimise cyber risks.

ANTI-BRIBERY AND CORRUPTION

Description

We adopt a zero-tolerance policy towards bribery and corruption in all our business dealings, mitigating risks through promoting good governance and ethical practices among our employees, partners, and suppliers.

Why it is important

Anti-bribery and corruption prevent people and organisations from misconduct and unethical practices.

Risks

- Increased legal, regulatory and reputational risks.
- Business disruption due to lack of preparedness to face a crisis/emergency.
- Lack of control and strategic alignment resulting in corruption, negligence, fraud, and lack of accountability.

Links

Capitals



Stakeholders



Opportunities

- Promote good governance practices that contribute towards growth and management stability.
- Engage shareholders on investment decisions and promoting management transparency.
- Ensure business continuity and resiliency.

STRATEGIC REVIEW

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THE MALAYSIAN ECONOMY AND GENERAL OPERATING LANDSCAPE

According to Bank Negara Malaysia (“BNM”), the Malaysian economy continued its expansionary mode, with gross domestic product (“GDP”) growth normalising to 3.7% in 2023 (2022: 8.7%). This growth was driven by continued household spending, improved labour market conditions, further recovery in tourism activities and sustained investment activity amid slower global growth.

BNM anticipates Malaysia’s GDP to grow between 4.0% and 5.0% in 2024, underpinned by continued expansion in domestic expenditure and improvement in external demand. Stronger-than-expected tourism activity, faster implementation of existing and new investment projects by both the private and public sectors would provide upside risks to the domestic growth. Nevertheless, domestic growth remains susceptible to downside risks from external factors such as weaker-than-expected global growth and escalating geopolitical conflicts, as well as domestic shocks like severe disruptions in commodity production and subsidy rationalisation.

Headline inflation, as measured by the Consumer Price Index (“CPI”), moderated in 2023 after reaching its peak in 2022, averaging 2.5% for the year (2022: 3.3%). The moderation was driven by broad-based easing in both core and non-core inflation. Lower inflation for fuel (2023: -1.6%; 2022: 5.1%) as well as food and non-alcoholic beverages (2023: 4.8%; 2022: 5.8%) were among the main drivers contributing to softer headline inflation. Core inflation, on the other hand, averaged 3.0% for 2023 (2022: 3.0%), mainly driven by a relaxation in service-related items such as food away from home and the repair and maintenance of personal transport. Both headline and core inflation are expected to remain modest in 2024, ranging between 2.0% - 3.5% and 2.0% - 3.0%, respectively. This reflects the potential upside from domestic subsidy rationalisation and stable cost and demand conditions.

Malaysia’s labour market conditions continued to improve in 2023, with the unemployment rate declining to 3.4% reaching pre-pandemic levels (2022: 3.8% and 2019: 3.3%). Employment grew by 2.8% (+439,200 persons; 2022: 3.1%, +472,400 persons). Notably, the labour participation rate reached a historic high of 70.0% in 2023 (2022: 69.3%).

The Malaysian Institute of Economic Research (“MIER”) revealed that the Consumer Sentiment Index (“CSI”) for 4Q2023 showed a positive trend at 89.4 points (3Q2023: 78.9 points), however remained below the 100-point threshold. This improvement is attributed to positive consumer sentiment, improved current and expected finances, a rise in expected employment, persistent inflation concerns and a rebound in spending plans.

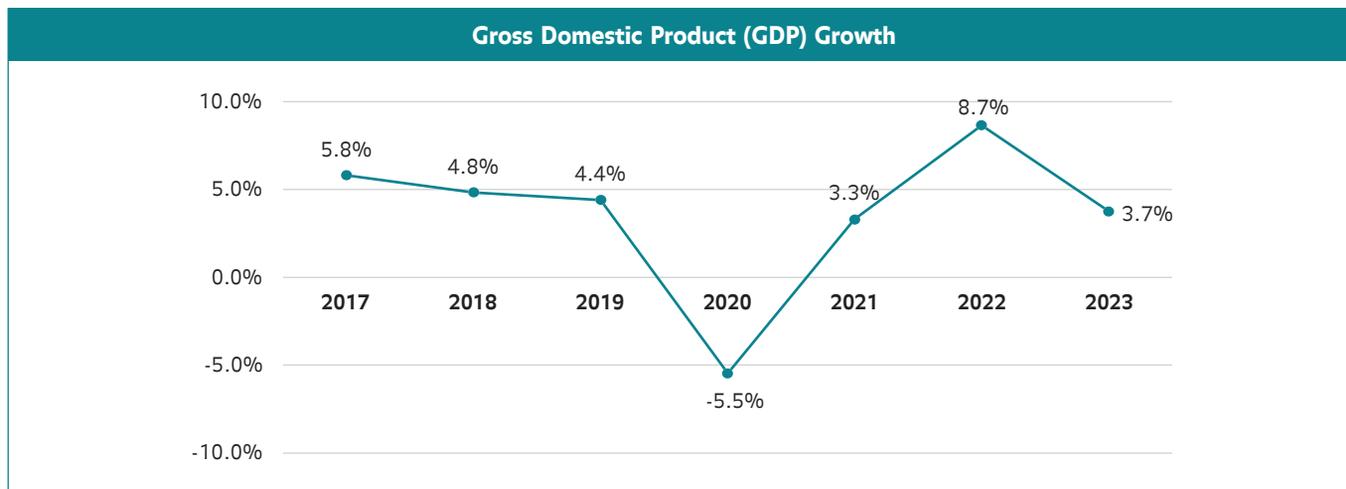
Similarly, the Business Conditions Index (“BCI”) increased to 89.0 points in 4Q2023 (3Q2023: 79.7%). This indicates a recovery in confidence among local manufacturers, with companies expressing continued confidence in the business environment.

On the lending front, BNM increased the Overnight Policy Rate (“OPR”) by 25 basis points from 2.75% to 3.00% in May 2023 and has maintained it since then. At the current OPR level, the monetary policy continues to provide support to the economy and aligns with the present evaluation of inflation and growth prospects. Both the base lending rate (“BLR”) and average base rate (“BR”) increased to 6.6% (2022: 5.9%) and 3.6% (2022: 3.2%) respectively, in 2023. Financial institutions continued to operate with strong capital and liquidity buffers, with domestic financial conditions remaining conducive to sustaining credit growth.

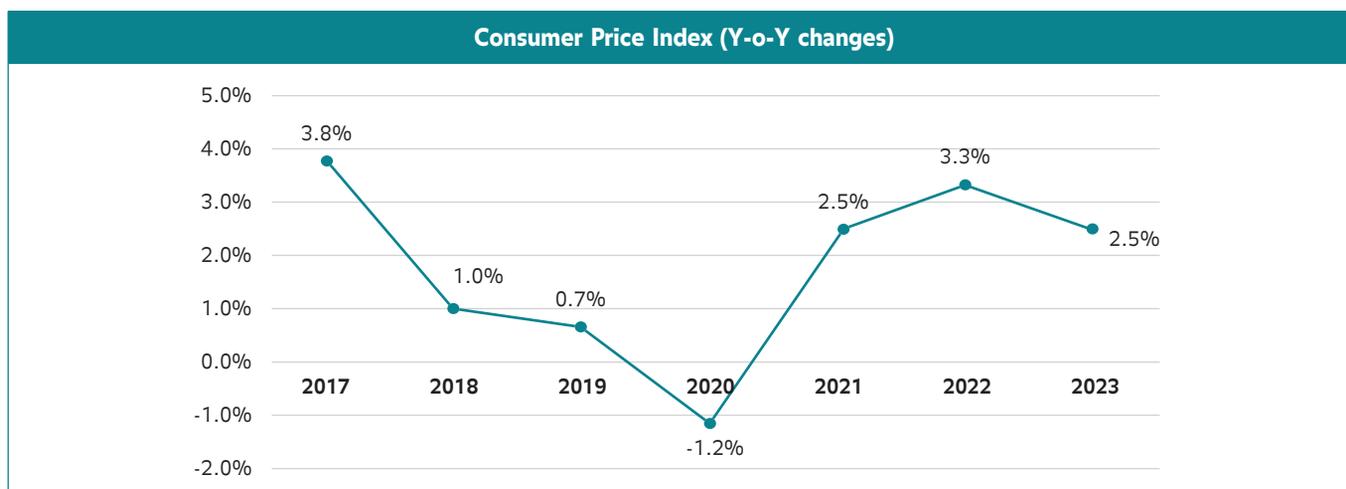
STRATEGIC REVIEW

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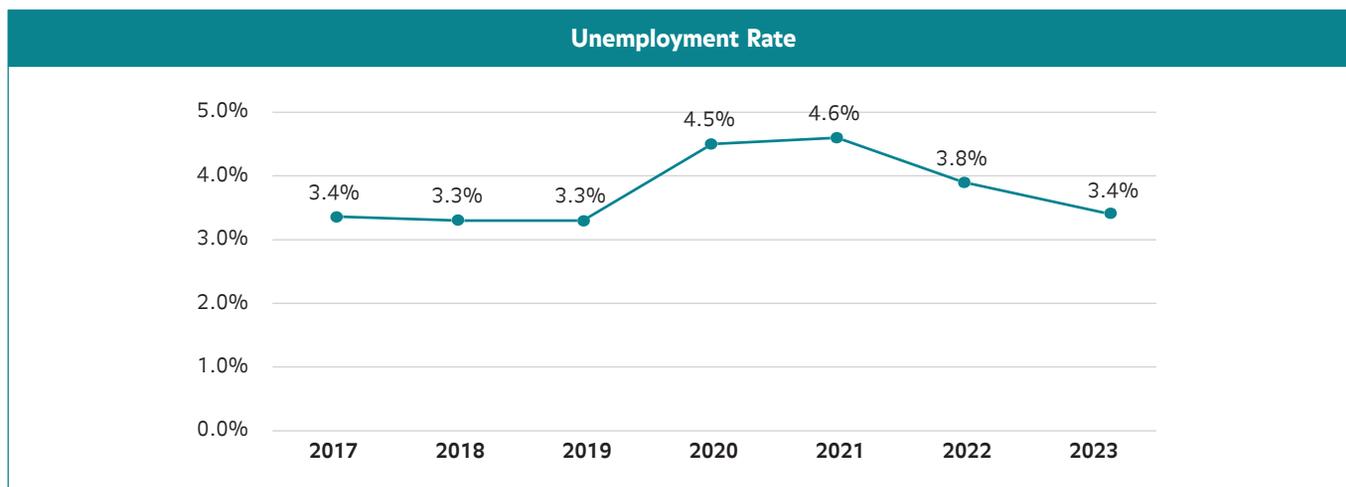
Market Review and Outlook



Source: Bank Negara Malaysia (BNM)

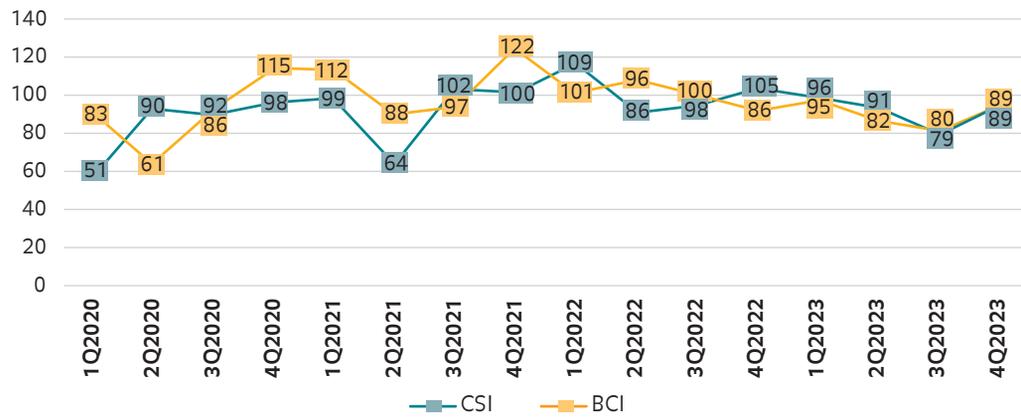


Source: Bank Negara Malaysia (BNM)



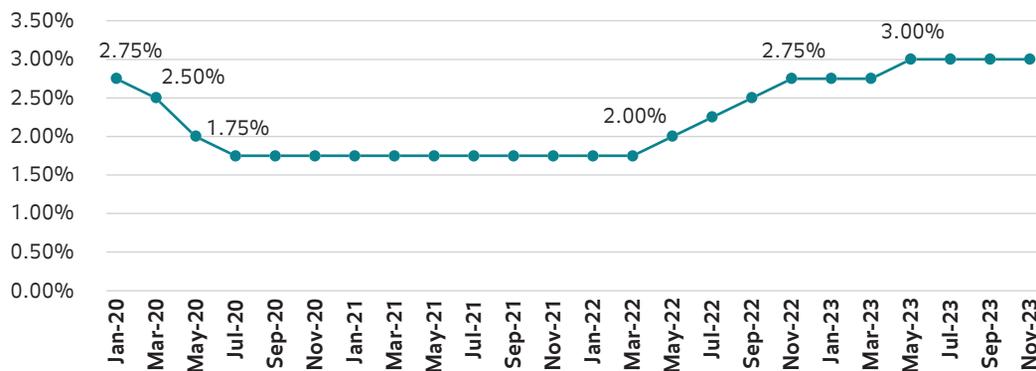
Source: Bank Negara Malaysia (BNM)

Consumer Sentiment Index (CSI) & Business Conditions Index (BCI) (Points)



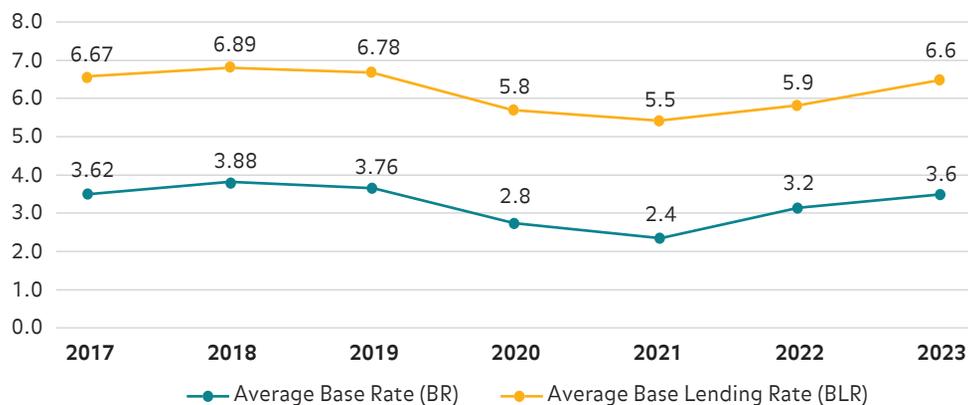
Source: Malaysia Institute of Economic Research (MIER)

Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia (BNM)

Average Base Lending Rate (BLR) & Average Base Rate (BR) (%)



Source: Bank Negara Malaysia (BNM)

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According to JUBM & Arcadis Construction Cost Handbook for 2021 and 2022, the range of construction costs (including building costs, services costs and preliminaries but excluding site formation works, external works, land cost, professional fees, finance, legal expenses and contingencies) for selected development components (high-rise residential, retail, office, industrial and car parks) in the selected states/key cities of Kuala Lumpur and Johor Bahru showed an increasing trend from 2021 to 2022. The growth ranged between 5.7% and 9.1%, as shown in the table below. Additionally, according to Building Cost Information Services Malaysia ("BCISM") Costbook 2023, the average building prices for luxury apartments, 3-storey offices and light duty factories/warehouses categories range from RM267 to RM334, RM146 to RM288 and RM141 to RM237 per sq ft respectively.

Meanwhile, according to the Department of Statistics Malaysia ("DOSM"), the unit price index for selected materials such as cement, bricks & wall, sand and aggregates in most areas of Peninsular Malaysia recorded an increase in 2023 on a y-o-y basis, ranging from as low as 0.5% to as high as 18.9% while for steel, the unit price index showed a decreasing trend in 2023 by circa -3.0% to -0.9% y-o-y. On the other hand, the Building Material Cost Index ("BCI") (with steel bars) for all building categories in Peninsular Malaysia grew from a marginal of 0.1% to a high of 8.8% y-o-y for the full year of 2023.

Additionally, the Real Estate and Housing Developers Association ("REHDA") expects property prices to rise significantly in the first half of 2024 (1H2024) due to building material cost hikes. According to REHDA's Property Industry Survey for the second half of 2024, construction costs are anticipated to increase by 15% in 1H2024, as developers have reported more than a 10% annual increase in the average price for sand and concrete as of 31 December 2023.

Total Construction Costs for Selected Development Components in Kuala Lumpur, 2021 to 2022

Property Development	Estimated Total Construction Costs (RM per sq ft)						
	Kuala Lumpur						
	2021			2022			% Growth
	min	max	average	min	max	average	
High-Rise Residential							
Detached houses (mass housing)	222	306	264	236	331	284	7.4%
Terraced houses	84	134	109	89	146	118	7.8%
Average standard apartments, high-rise	116	225	171	124	248	186	9.1%
Luxury apartments, high-rise	271	539	405	283	592	438	8.0%
Retail							
Shopping centres	259	388	324	275	423	349	7.9%
Office							
Average standard offices, high-rise	221	289	255	236	317	277	8.4%
Industrial							
Single storey conventional factory of structural steelwork	122	167	145	128	183	156	7.6%
Owner operated factories, low-rise	165	203	184	170	219	195	5.7%
Car Parks							
Basement car parks (<3 levels)	119	206	163	124	222	173	6.5%
Elevated car parks (<4 levels)	84	134	109	86	145	116	6.0%

Source: JUBM & Arcadis Construction Cost Handbook 2021 & 2022

Total Construction Costs for Selected Development Components in Johor Bahru, 2021 to 2022

Property Development	Estimated Total Construction Costs (RM per sq ft)						
	Johor Bahru						
	2021			2022			% Growth
	min	max	average	min	max	average	
High-Rise Residential							
Detached houses (mass housing)	218	288	253	239	320	279	10.4%
Terraced houses	93	137	115	89	146	118	2.4%
Average standard apartments, high-rise	144	195	170	128	246	187	10.2%
Luxury apartments, high-rise	282	367	324	298	427	363	11.7%
Retail							
Shopping centres	261	334	298	277	390	334	12.2%
Office							
Average standard offices, high-rise	211	269	240	239	302	270	12.6%
Industrial							
Single storey conventional factory of structural steelwork	124	156	140	128	183	156	11.3%
Owner operated factories, low-rise	167	189	178	175	218	196	10.3%
Car Parks							
Basement car parks (<3 levels)	121	158	140	130	206	168	20.2%
Elevated car parks (<4 levels)	80	106	93	84	131	107	15.4%

Source: JUBM & Arcadis Construction Cost Handbook 2021 & 2022

STRATEGIC REVIEW

Operating Landscape

Market Review and Outlook

RESIDENTIAL PROPERTY SECTOR

MARKET OVERVIEW

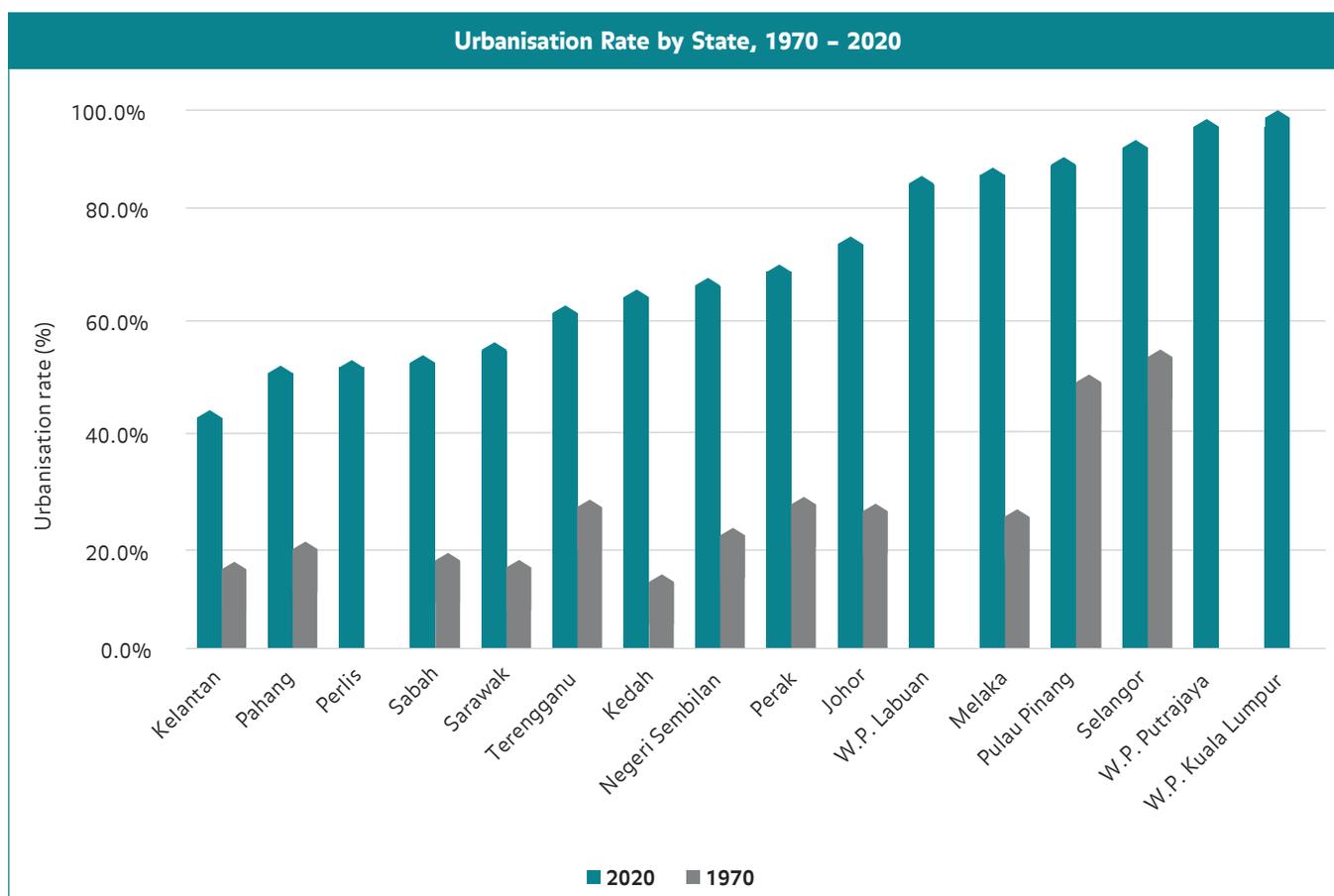
Malaysia: Urbanisation Rate

Based on the key findings from the Population and Housing Census of Malaysia 2020: Urban and Rural publication by the Department of Statistics Malaysia ("DOSM"), Malaysia's urbanisation rate has tripled from 28.4% in 1970 to 75.1% in 2020 due to natural population growth, migration and boundary changes.

The urbanisation rate in Malaysia has significantly increased, with the Klang Valley, particularly Kuala Lumpur and Putrajaya, exhibiting 100% urbanisation, followed by Selangor at 95.8%. Conversely, Kelantan has the lowest urbanisation rate at 44.1%, followed by Pahang, Perlis, Sabah and Sarawak. Labuan experienced a notable rise in urbanisation from 81.9% in 2010 to 88.9% in 2020.

Negeri Sembilan's urbanisation rate has also tripled, reaching 69.0% in 2020, with significant contributions from projects in areas such as the Seremban-KLIA corridors, Nilai and developments like the Malaysian Vision Valley 2.0 ("MVV 2.0"). Moving forward, other notable projects such as Seremban 2, Hamilton Nilai City, MVV Parcel B (Labu), smart AI container port and Techpark Phase 3 @ Enstek are expected to drive economic growth and further enhance urbanisation in the near to mid-term.

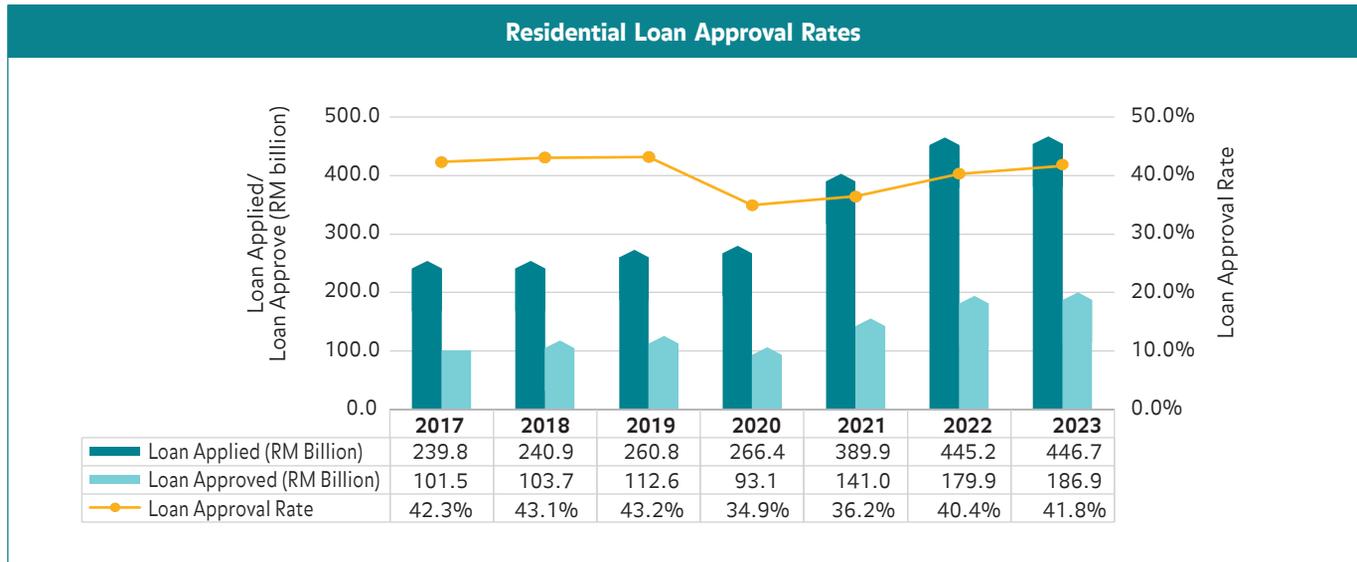
According to the Population & Housing Census of Malaysia 2020, migration trends from rural to urban areas are anticipated to escalate the urban population rate to 81.2% in 2030, 85.0% in 2040 and 88.8% in 2050.



Sources: Department of Statistics Malaysia (DOSM), Knight Frank Research

MALAYSIA: LOAN APPROVAL RATES

Approved housing loans in 2023 rose to RM186.9 billion, reflecting a 3.9% increase y-o-y. There was a marginal increase of 0.3% in housing loan applications to RM446.7 billion, with an approval rate of 41.8%.

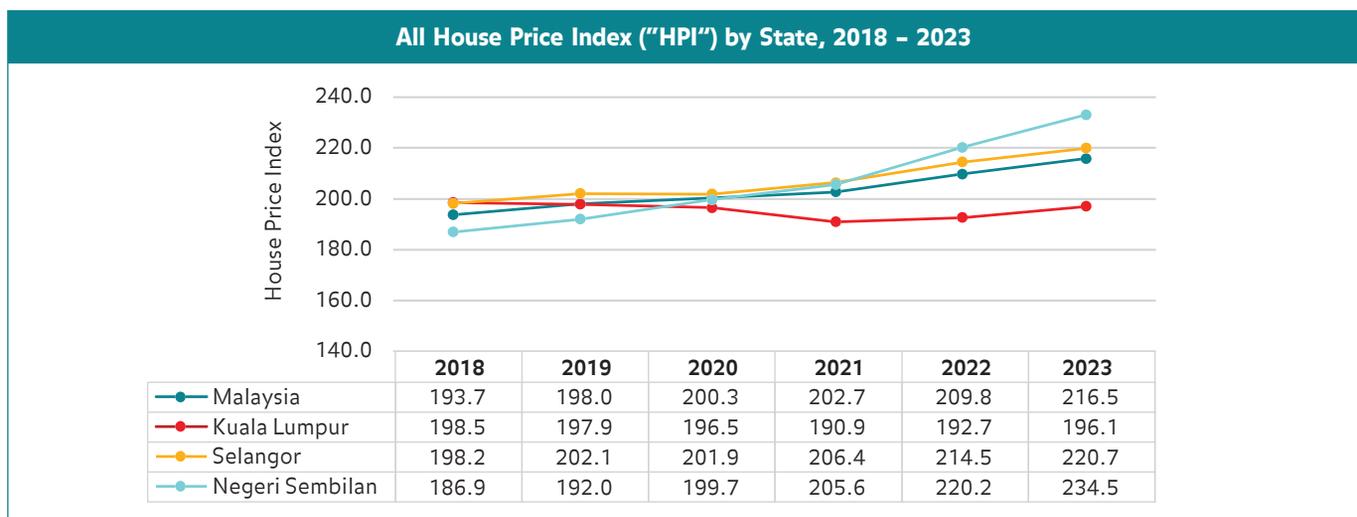


Sources: Bank Negara Malaysia (BNM), Knight Frank Research

MALAYSIA HOUSE PRICE INDEX

The Malaysia's All House Price Index (HPI) displayed a Compounded Annual Growth Rate ("CAGR") of 2.3% between 2018 at 193.7 points and 2023 at 216.5 points. Subsequently, the country's HPI marked a 3.2% y-o-y increase (2022: 209.8 points).

Negeri Sembilan saw a 6.5% y-o-y increase to 234.5 points in 2023 (2022: 220.2 points), while Kuala Lumpur experienced marginal gains in HPI with 1.8% y-o-y increase recording at 196.1 points during the same period (2022: 192.7 points). On the other hand, Selangor's HPI also increased by approximately 2.9% to 220.7 points in 2023 (2022: 214.5 points).



Sources: NAPIC, Knight Frank Research

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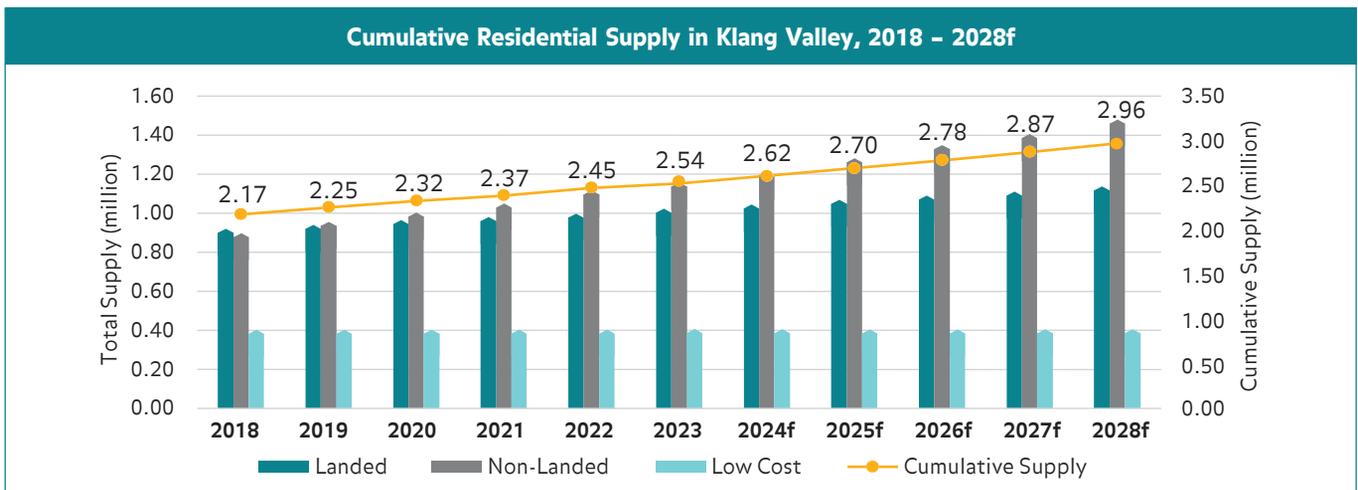
Market Review and Outlook

EXISTING & FUTURE SUPPLY

Klang Valley

The year 2023 saw a steady uptick in the cumulative supply of residential properties, with a modest 3.5% increase reaching 2.54 million units. These properties are classified into 3 distinct categories: 45.1% as non-landed properties, 39.7% as landed properties and 15.2% as low-cost properties.

Over the next five years, preliminary forecasts project that the total residential supply in the Klang Valley is expected to reach 2.96 million units, with non-landed properties contributing 49.4% to this growth.

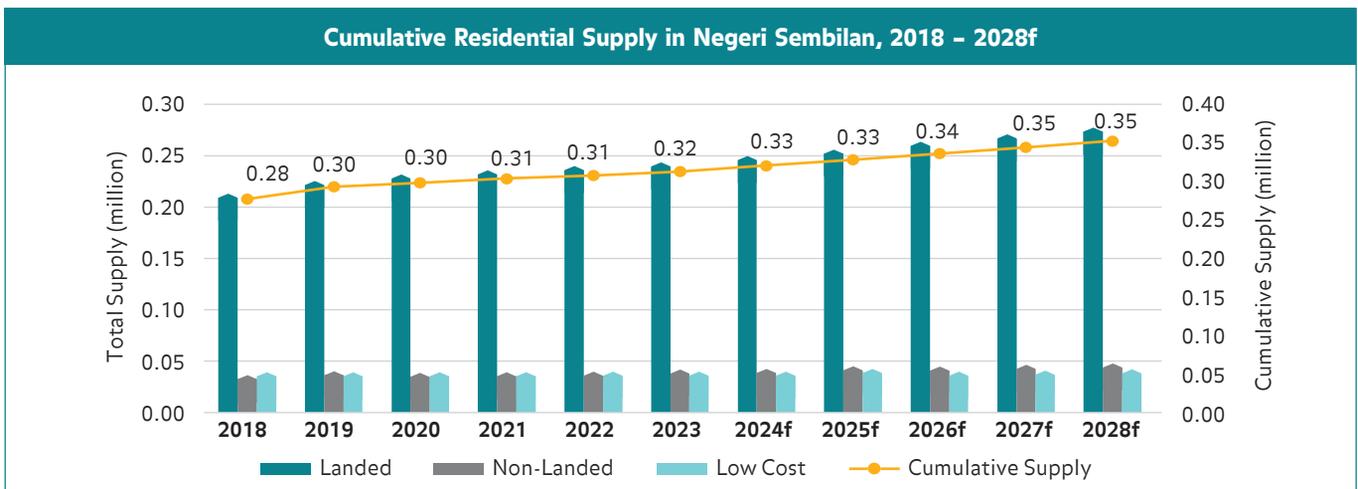


Sources: NAPIC, Knight Frank Research
 Note: The cumulative residential supply includes Serviced Apartment and Soho

Negeri Sembilan

In 2023, the cumulative supply of residential properties in Negeri Sembilan experienced a 3.1% increase, reaching 318,804 units. Landed properties dominated the landscape, accounting for 75.6%, followed by non-landed properties at 13.0%, and low-cost properties at 11.4%.

Looking ahead, over the next five years, the total residential supply is expected to expand to approximately 353,789 units, with landed houses being the primary contributor at 77.8% of the total future supply.



Sources: NAPIC, Knight Frank Research
 Note: The cumulative residential supply includes Serviced Apartment and Soho

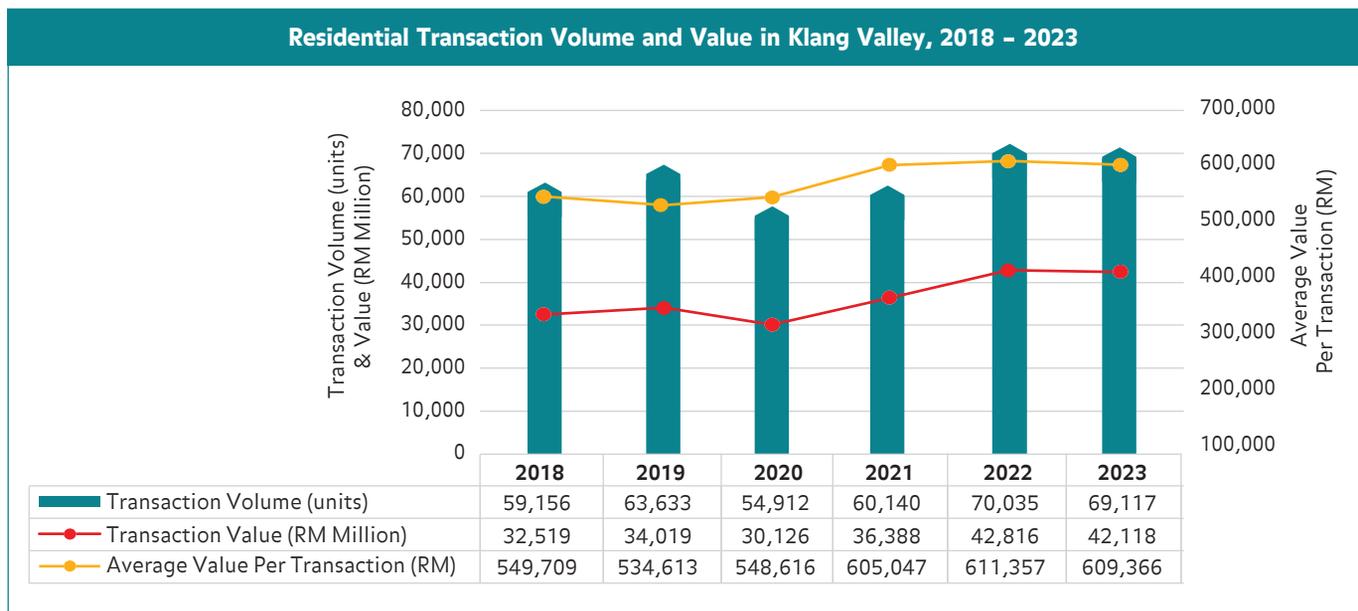
TRANSACTION VOLUME AND VALUES

Klang Valley

Residential Transaction Volume and Values

In 2023, the residential property market in the Klang Valley displayed resilience, recording 69,117 residential transactions totaling RM42.1 billion. However, this marks a slight decline in both transaction volume and value by 1.3% and 1.6% respectively, compared to the previous year, thus indicating market moderation from the 2022 bumper year. Nonetheless, the performance in 2023 still outstripped that of 2019. Consequently, the average value per residential transaction saw a marginal decrease from RM611,357 per unit in 2022 to RM609,366 per unit in 2023, reflecting a year-on-year decrease of 0.3%.

The slight decline in transaction volume and value in the Klang Valley’s residential property market can be attributed to external factors including economic uncertainties, policy changes and variations in interest rates. The marginal decrease in average transaction value suggests a shift towards more affordable housing options or a correction in certain market segments. Nevertheless, the Klang Valley’s residential market remains dynamic with potential for growth and recovery driven by urbanisation, infrastructure development and demographic trends.



Sources: NAPIC, Knight Frank Research
 Note: Excludes Serviced Apartment and Soho

Landed houses made up the majority of the total transactions in Klang Valley in 2023, at 50.7%. Nonlanded properties accounted for about 32.5%, with the remaining 16.8% being low-cost houses. The majority of transactions were for 2- to 3-storey terraces (30.1%), condominiums/apartments (22.2%), and serviced apartments (10.3%), highlighting them as key properties in high demand in the current market.

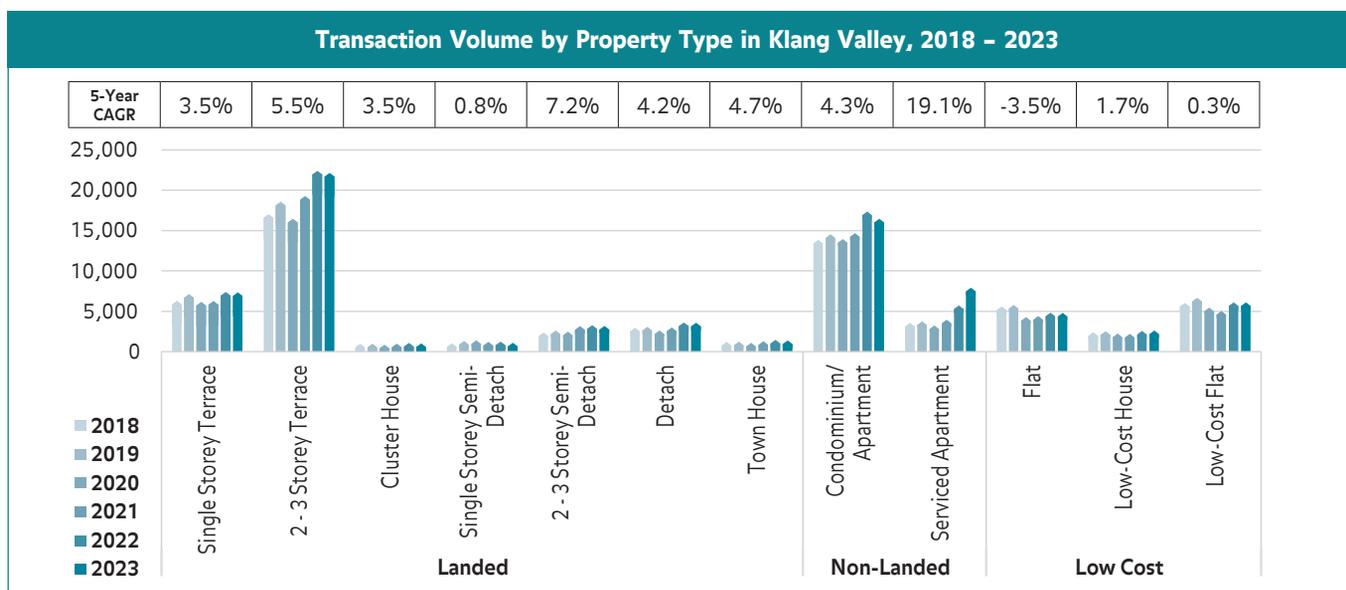
In terms of growth, serviced apartments experienced the highest CAGR at 19.1% during the review period, with transaction volumes in 2023 more than doubling from those in 2018. This is followed by 2- to 3-storey semi-detached houses at 7.2% and 2- & 3-storey terraces at 5.5%.

All residential types experienced modest growth in 2023, except for serviced apartments, which saw a remarkable increase in transaction volume by 41.9%, reaching 7,451 units from 5,252 units in 2022.

STRATEGIC REVIEW

Operating Landscape

Market Review and Outlook



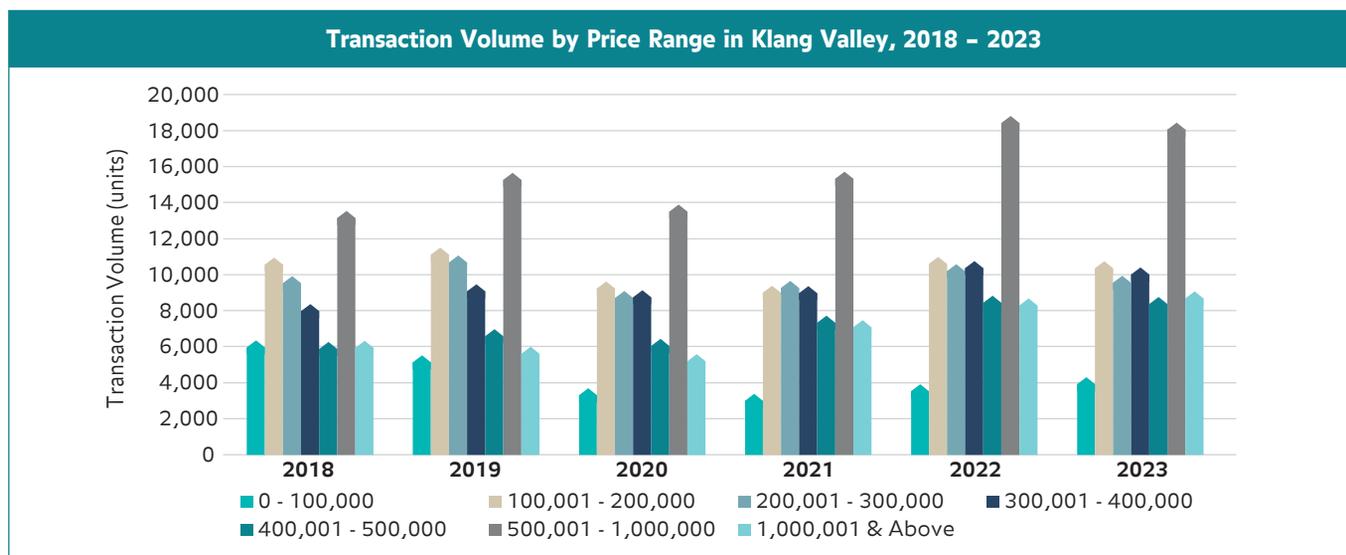
Sources: NAPIC, Knight Frank Research

Note: Include Serviced Apartment and exclude Others and Vacant Lots

In Klang Valley, a total of 69,117 residential transactions were accounted for. Among these, 61.2% (42,312 units) were priced below RM500,001 while residential units priced above RM500,001 made up 38.8% (26,805 units) of the total transactions.

The price segment between RM500,001 and RM1,000,000 is notably the most active, contributing the highest percentage to the overall transaction volume at 26.2%. This segment also demonstrates a significant CAGR of 6.6% throughout the review period.

In contrast, the residential price segment of RM1,000,000 and above accounts for approximately 12.6% of the total transaction volume. Within this segment, the majority consist of 2-3-storey terraces at 36.4%, followed by 2-3-storey semi-detached properties at 19.7%, condominiums/apartments at 19.5% and detached houses at 15.3%. This price segment boasts a higher CAGR of 7.9%, the highest among all price segments. Notably, it is the only segment among the significant price segments to record an increase in transaction volume between 2022 and 2023, with a growth rate of 4.8%, while others experienced negative growth.

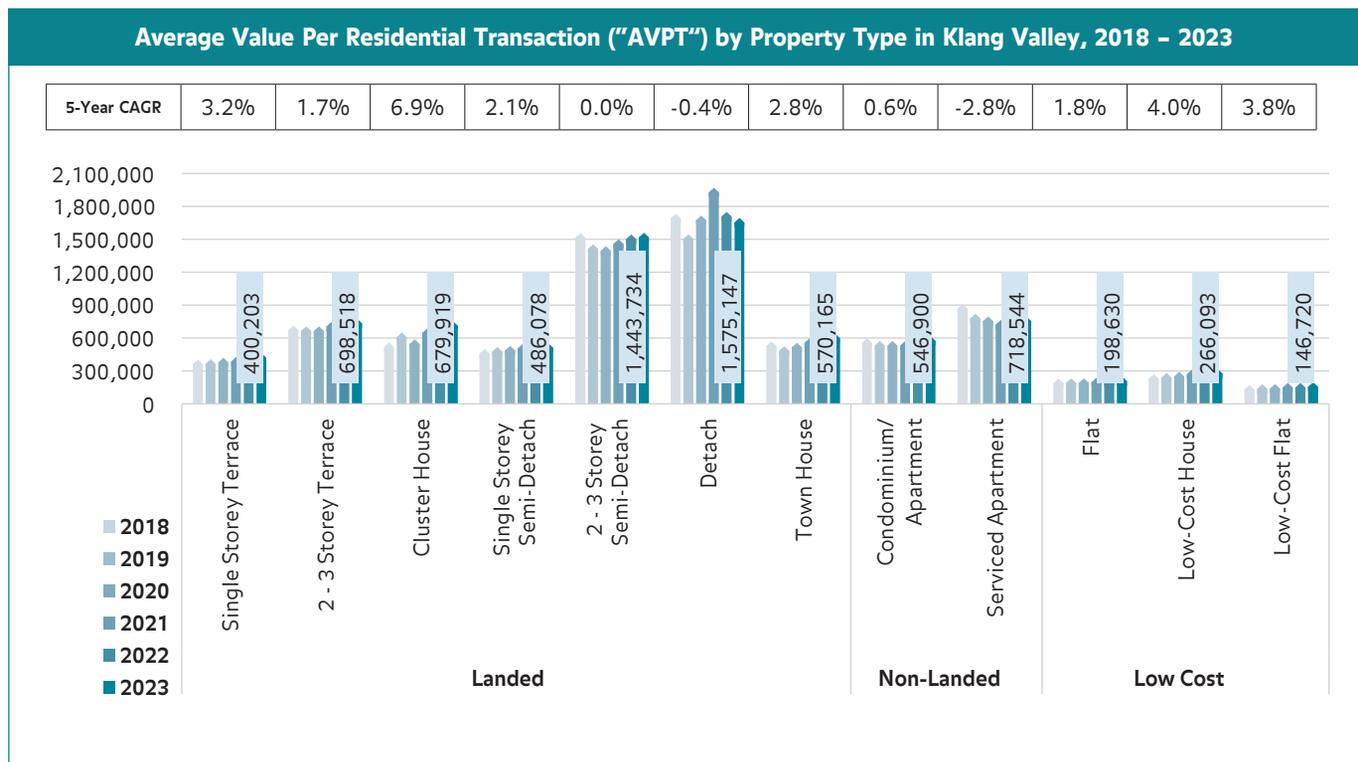


Sources: NAPIC, Knight Frank Research

Note: Excludes Serviced Apartment and Soho

The average value of residential transactions for cluster houses recorded the highest CAGR at 6.9%, primarily due to the limited supply in the Klang Valley over the review period. Conversely, traditionally high-demand residential properties such as 2- to 3-storey terraces and condominiums/apartments have shown more modest price appreciation, with CAGRs of 1.7% and 0.6%, respectively, over a five-year span.

This trend is likely due to a well-supplied market which tempers price escalation, in conjunction with a competitive environment. In contrast, the serviced apartments segment has experienced a downward trend, with a negative CAGR of -2.8%, reflecting a decrease in the average value per transaction from RM826,623 in 2018 to RM718,544 in 2023. This shift could indicate a swift development pace within this market segment.



Sources: NAPIC, Knight Frank Research
 Note: Include Serviced Apartment and exclude Others and Vacant Lots

When comparing the primary and secondary markets, the average value per residential transaction in 2023 for the primary market was recorded at RM786,330, whereas for the secondary market, it stood at RM577,557. This indicates that the average value per residential transaction in the primary market is 1.36 times higher than that in the secondary market.

In terms of growth, the average value per residential transaction in the primary market exhibited a higher CAGR of 2.3% over the review period, compared to 1.7% in the secondary market. Furthermore, in 2023, the primary market experienced notable growth of 9.1%, while the secondary market observed a decline of 2.2% compared to 2022.

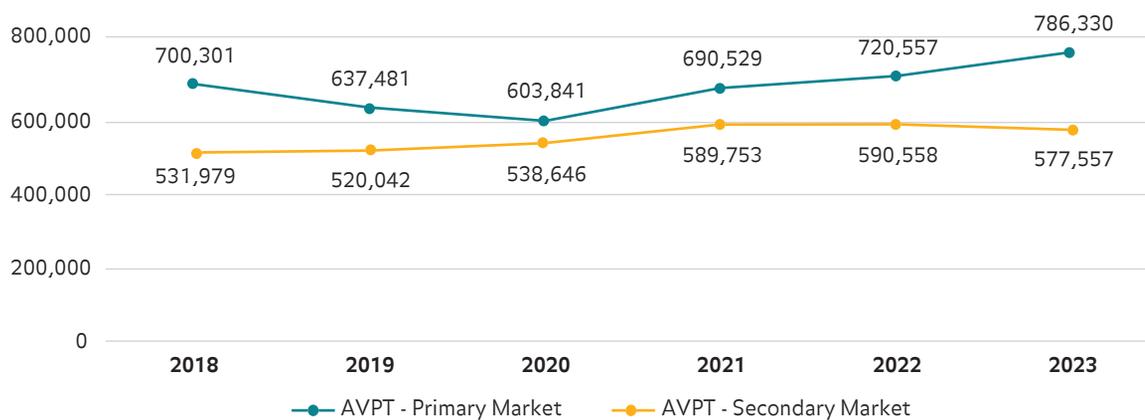
This trend underscores the robust demand and resilience of the primary market, possibly driven by preferences for newer construction, modern amenities and strategic locations. The decline in the secondary market might reflect challenges such as aging property concerns which include additional renovation costs to be incurred, less competitive pricing, the need for a higher downpayment and changing buyer priorities.

STRATEGIC REVIEW

Operating Landscape

Market Review and Outlook

Average Value Per Residential Transaction (AVPT) in the Primary and Secondary Markets in Klang Valley, 2018 - 2023



Sources: NAPIC, Knight Frank Research

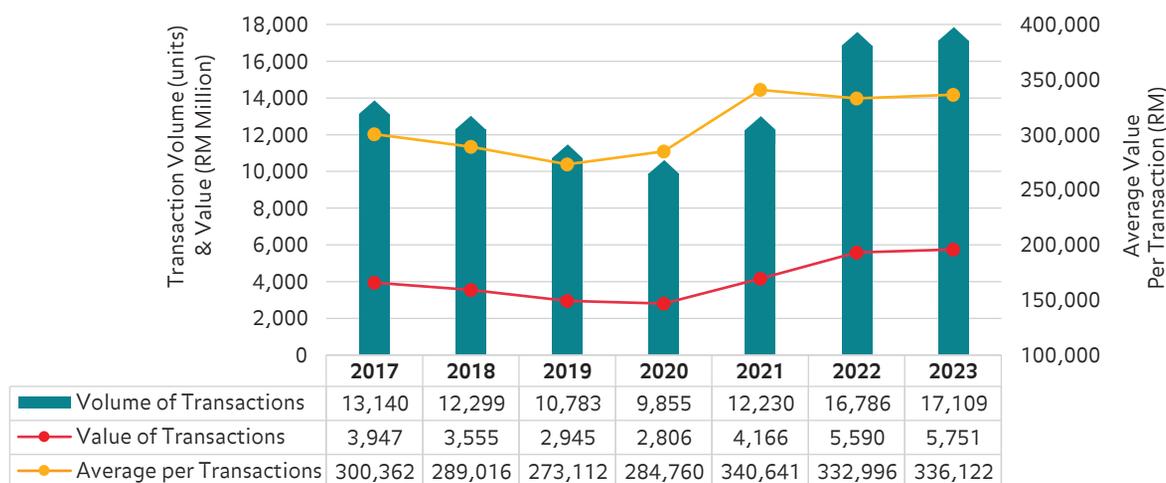
Note: Excludes Serviced Apartment and Soho

Negeri Sembilan

Residential Transaction Values and Volume

In 2023, Negeri Sembilan reported 17,109 residential transactions, amounting to a total of RM5.8 billion. This represents a y-o-y growth of 1.9% in transaction volume and 2.9% in transaction value, respectively. Consequently, the average value per residential transaction in 2023 experienced a slight increase to RM336,122, marking a growth of 0.9% from RM332,996 in 2022.

Residential Transaction Volume and Value in Negeri Sembilan, 2018 - 2023

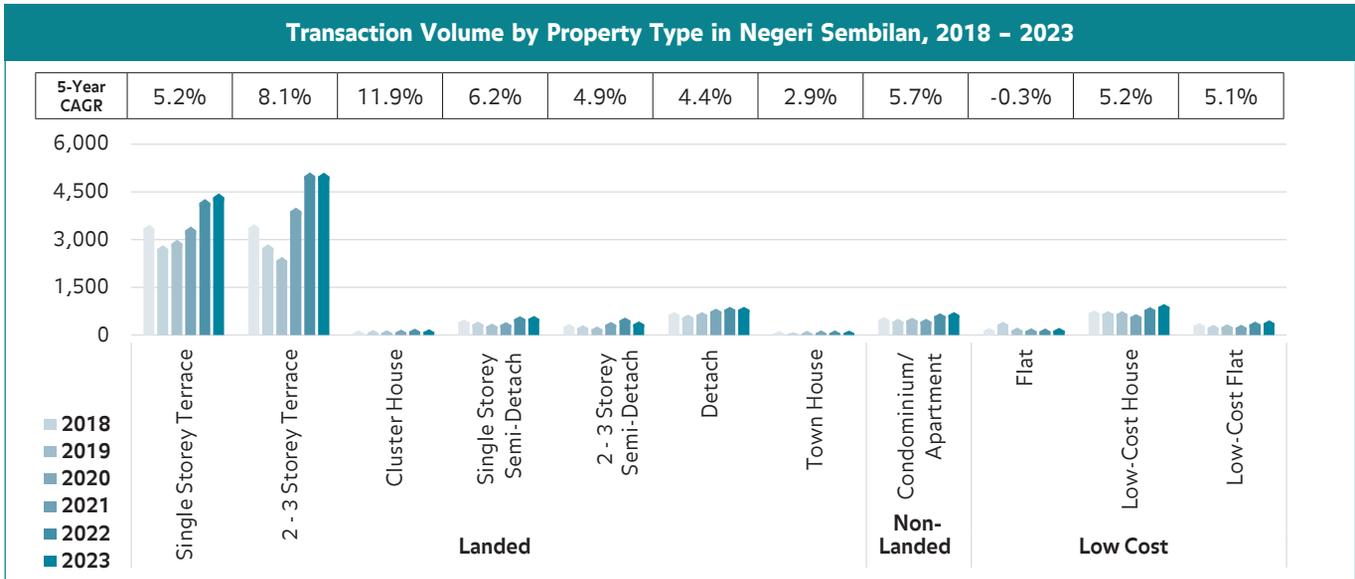


Sources: NAPIC, Knight Frank Research

Note: Excludes Serviced Apartment and Soho

In Negeri Sembilan, the majority of residential transactions are landed houses, which account for approximately 84.3% of the market. Within this category, 2- to 3-storey terraces and 1- to 2-storey terraces are the predominant contributors, with 37.9% and 32.9% of the transactions respectively. This predominance is primarily due to the concentration of supply in these two segments.

In terms of growth, cluster houses and 2- to 3-storey terraces have registered the highest CAGRs at 11.9% and 8.1%, respectively. Notably, the transaction volume for cluster houses has seen an uptick, despite this property type contributing the least to overall transactions.

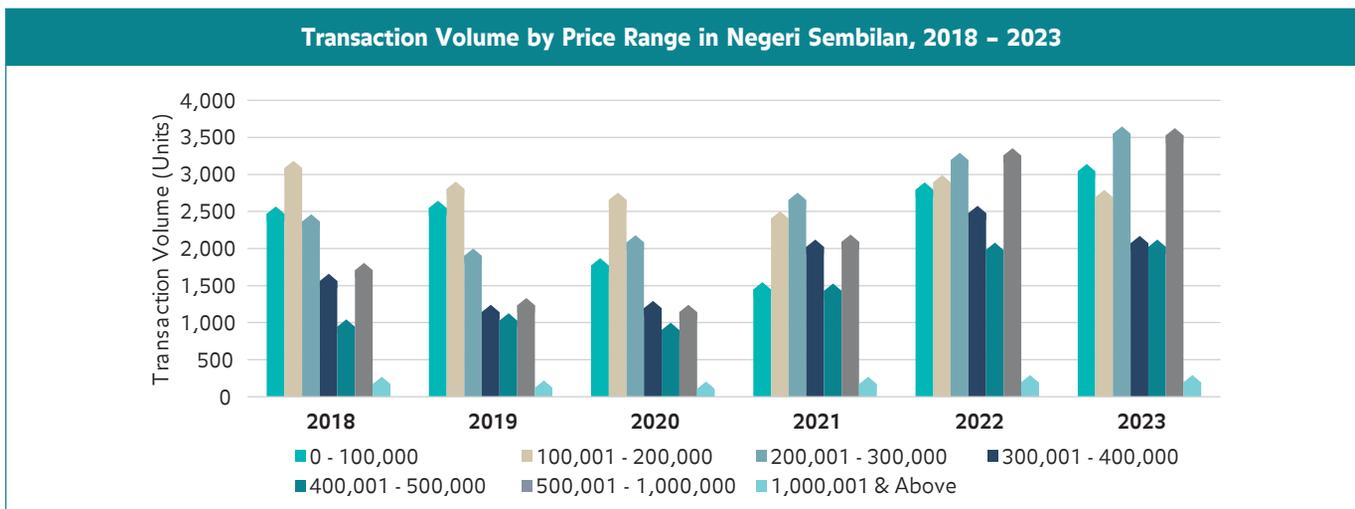


Sources: NAPIC, Knight Frank Research
 Note: Include Serviced Apartment and exclude Others and Vacant Lots

In 2023, among the total residential transactions in Negeri Sembilan, 78.2% (13,386 units) were priced below RM500,001, while residential units priced above RM500,001 constituted 21.8% (3,723 units) of the total transactions. The significant volume of transactions for residential properties priced below RM500,001 in Negeri Sembilan indicates a strong demand for more affordable housing.

The price segment between RM200,001 and RM300,000 accounted for the highest transaction volume at 20.8%, closely followed by the segment between RM500,001 and RM1,000,000 at 20.6%. These segments witnessed among the highest growths in transaction volume in 2023 compared to 2022, at 11.2% and 8.5%, respectively. This indicates that properties within these price segments are highly sought after, from the affordability range to mid- to high-range properties, reflecting an upgrading trend among homeowners or investment interest in more premium properties.

In terms of CAGR, the price segments between RM400,001 to RM500,000, and RM500,001 to RM1,000,000, notably experienced double-digit growths of 16.4% and 15.7%, respectively, followed by the segment between RM200,001 and RM300,000 at 8.5%. This signifies a rapidly growing interest and perceived value in these price ranges.



Sources: NAPIC, Knight Frank Research
 Note: Excludes Serviced Apartment and Soho

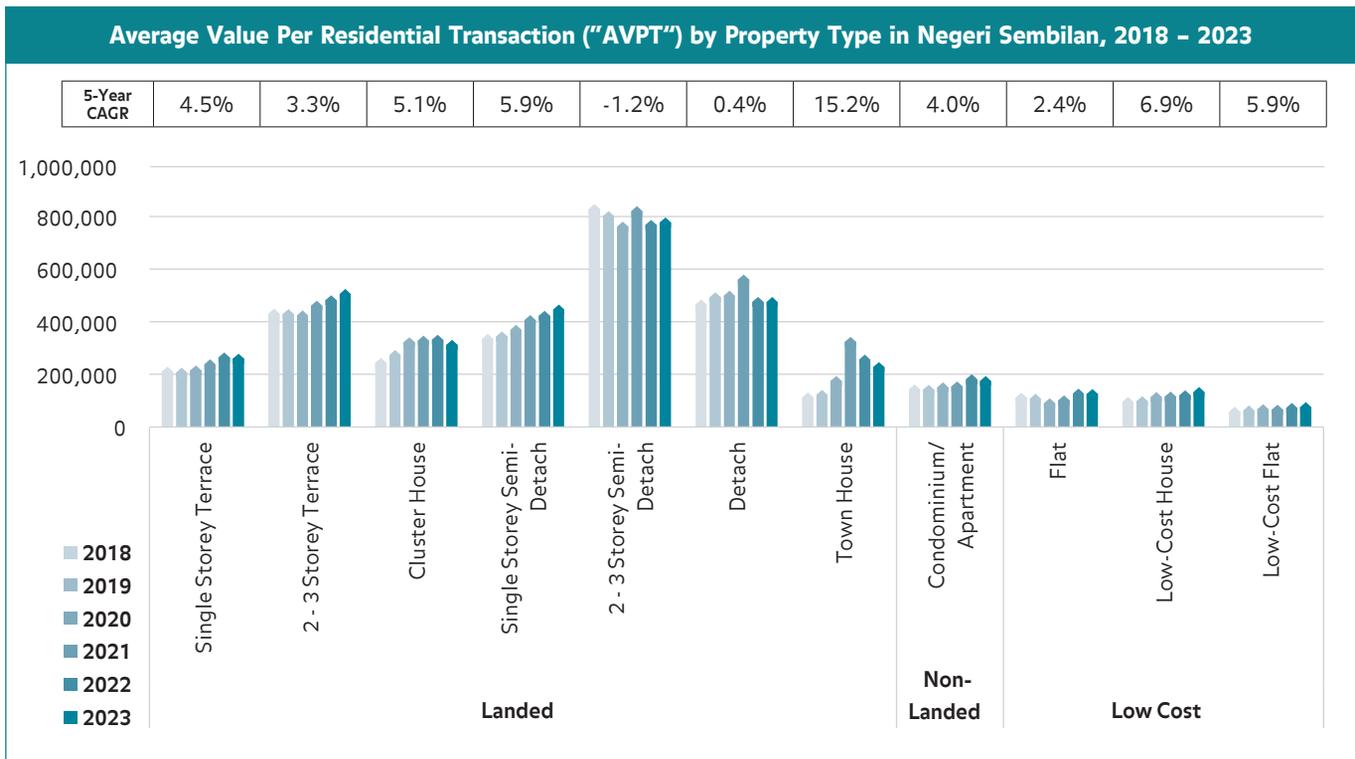
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Over the review period in Negeri Sembilan, townhouses experienced the highest CAGR in average transaction value at 15.2%, primarily attributed to their limited supply. In comparison, properties traditionally in high demand, such as 1- to 2-storey terraces and 2- to 3-storey terraces, saw more modest price appreciations, with CAGRs of 4.5% and 3.3%, respectively, over five years. This trend likely stems from a well-supplied market that moderates price growth, amidst a competitive landscape. Condominiums/ apartments also exhibited a CAGR of 4.4%.

Conversely, the 2- to 3-storey semi-detached house segment witnessed a downward trend, with a negative CAGR of -1.4%, reflecting a decrease in the average value per residential transaction from RM828,645 in 2018 to RM778,759 in 2023. This reduction might suggest a shift in buyer preferences or concerns over affordability.

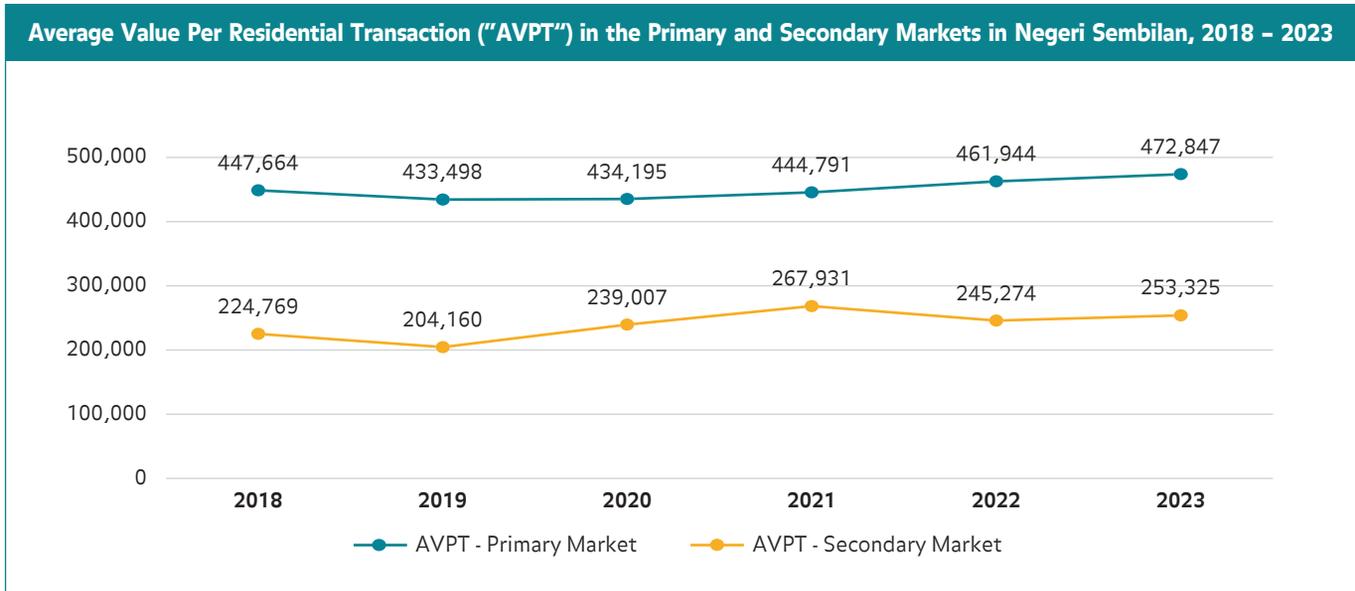


Sources: NAPIC, Knight Frank Research
 Note: Include Serviced Apartment and exclude Others and Vacant Lots

When comparing the primary and secondary markets, the average value per residential transaction in 2023 for the primary market was recorded at RM472,847, whereas, in the secondary market, it stood at RM253,325. This indicates that the average value per residential transaction in the primary market is 1.87 times higher than in the secondary market.

In terms of growth, the average value per residential transaction in the secondary market exhibited a higher CAGR of 2.4% over the review period, compared to 1.1% in the primary market. Moreover, in 2023, the secondary market experienced higher growth of 3.3%, while the primary market observed lower growth of 2.4% compared to 2022.

This suggests buyers are willing to pay a higher price for new constructions while the secondary market's higher growth indicates increasing interest in more affordable, existing properties. The trends imply a market where both sectors appeal to different buyer segments, driven by factors like affordability, location and property features.



Sources: NAPIC, Knight Frank Research
 Note: Excludes serviced apartments and SOHO

RESIDENTIAL PROPERTY OVERHANG

Klang Valley

The year 2023 marked a clear improvement in the housing market overhang in Klang Valley. It recorded an upturn across all categories, with declines of 4.8% for landed residential, 3.2% for condominiums/apartments and a sharp 22.2% for serviced apartments, cumulating in a total reduction of 13.8% in overhang units.

From 2018 to 2023, the overhang in the housing market in Klang Valley showed an overall increase, peaking in 2021 with 17,213 units. The rise was especially significant in the condominium/apartment and serviced apartment sectors, which consistently grew until 2021. The highest numbers for condominium/apartment overhang were recorded in 2021 with 8,104 units, while serviced apartments peaked at 8,938 units in 2022. The landed residential sector followed a more fluctuating path, ultimately showing a general downward trend, decreasing from 2,850 units in 2018 to 1,017 units in 2023.

From 2018 to 2021, the percentage of total overhang units compared to the total units launched in the market showed an increasing trajectory, going from 17.6% to a high of 20.4%, which indicated a slowing absorption rate. Post-2021, this pattern shifted with the overall overhang percentage dipping to 17.7% in 2022 and further to 15.8% in 2023, reflecting an improved absorption rate, especially within the condominium/apartment and serviced apartment segments. Conversely, the landed residential segment exhibited an opposite trend with an overhang percentage rising from 20.6% in 2022 to 24.1% in 2023. Despite a decrease in new unit launches in 2023, the overhang for landed residences rose, pointing to a slower pace of absorption in this category.

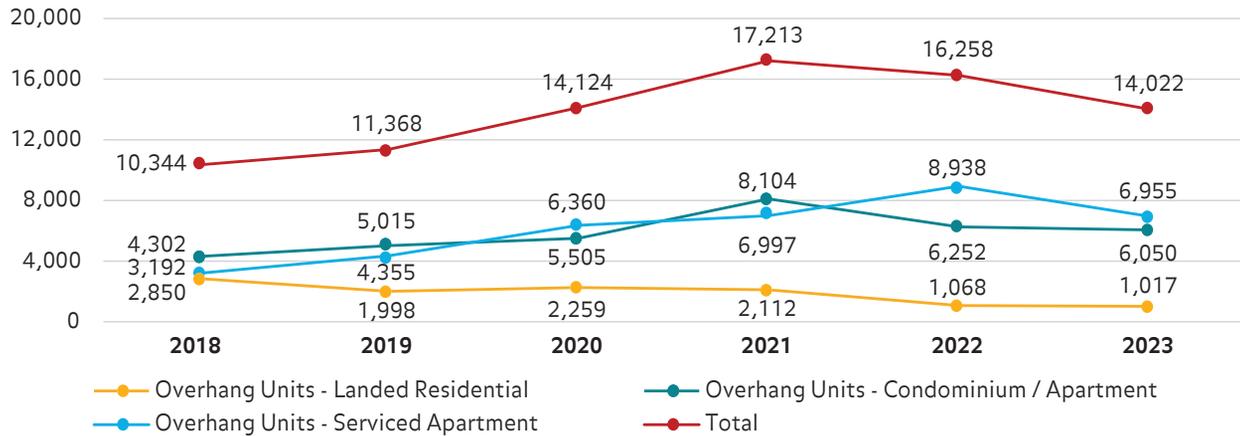
Moreover, a significant portion of the overhang units is concentrated in specific districts: 44.3% of Kuala Lumpur’s total overhang units are in the Kuala Lumpur Town Centre, while 38.2% of Selangor’s total overhang units are located in the district of Gombak. The overhang units mostly consist of condominium/apartment.

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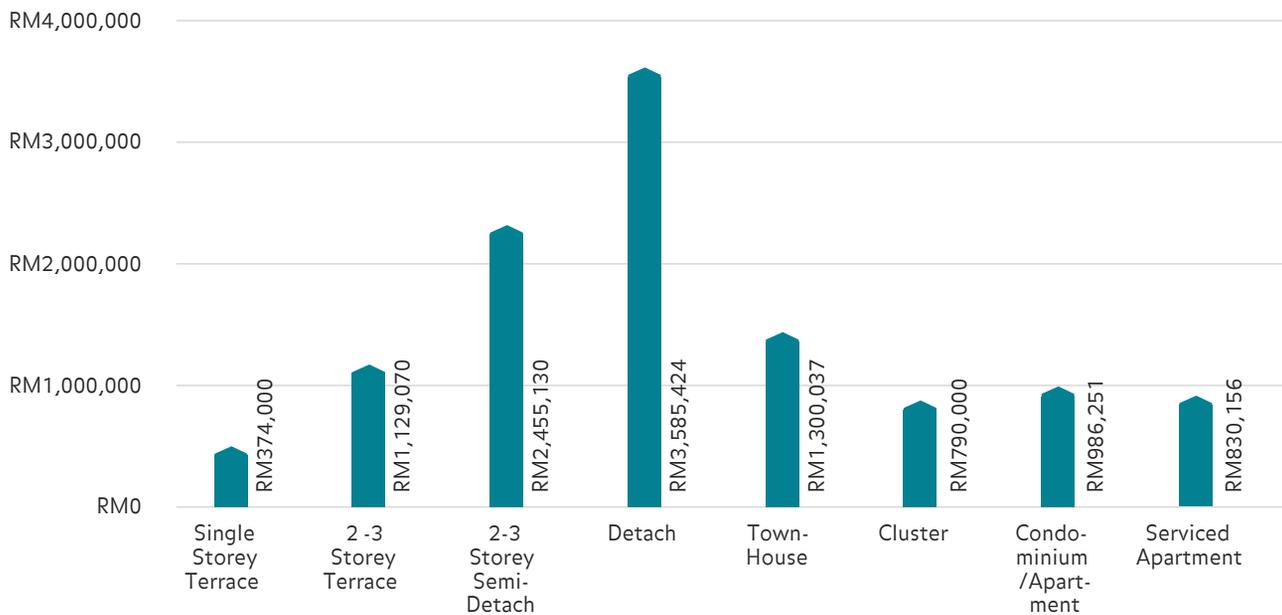
Residential Properties and Serviced Apartment Overhang in Klang Valley, 2018 – 2023



Sources: NAPIC, Knight Frank Research
 Note: Exclude low-cost housing

In 2023, within the Klang Valley, condominium/apartment and serviced apartment overhang units command average overhang values at RM986,251 and RM830,156, respectively. Additionally, 2- to 3-storey terrace homes, which represent the most common residential supply in the region, have an average overhang value of RM1,129,070. These values indicate that overhang units are priced on the higher end of the market spectrum, as compared to the average transaction price at RM546,900, RM718,544 and RM698,518, respectively.

Average Value Per Transaction of Residential Properties and Serviced Apartment Overhang in Klang Valley, 2023



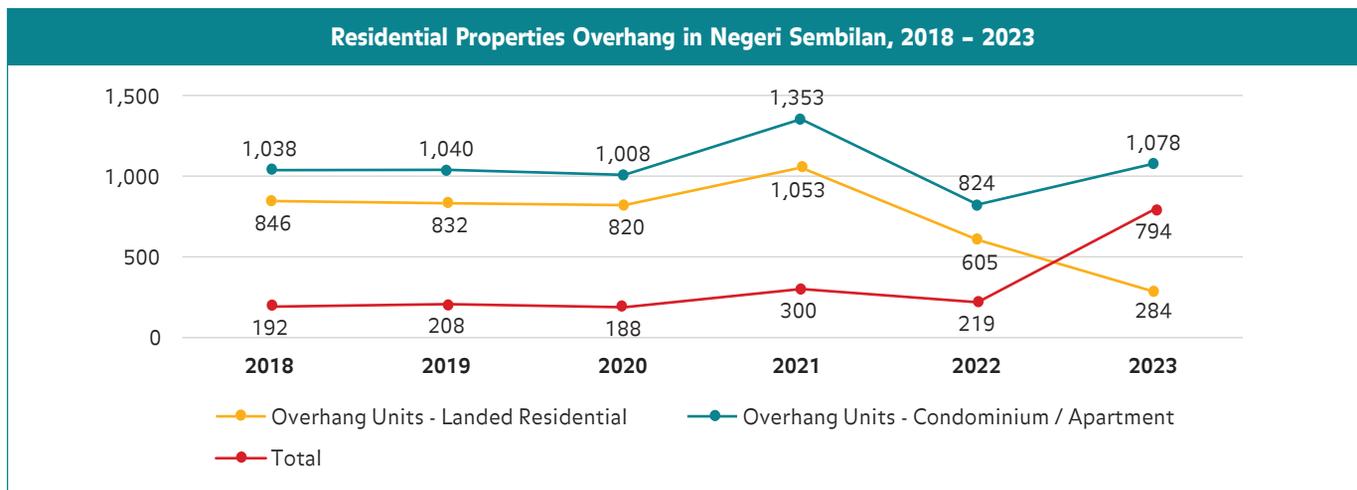
Sources: NAPIC, Knight Frank Research

Negeri Sembilan

The total overhang of residential properties in Negeri Sembilan was relatively stable from 2018 to 2020, followed by a peak in 2021 at 1,353 units. In 2022, the total overhang sharply decreased to 824 units. The year 2023 saw an increase to 1,078 units, largely driven by the surge in condominium/apartment overhang.

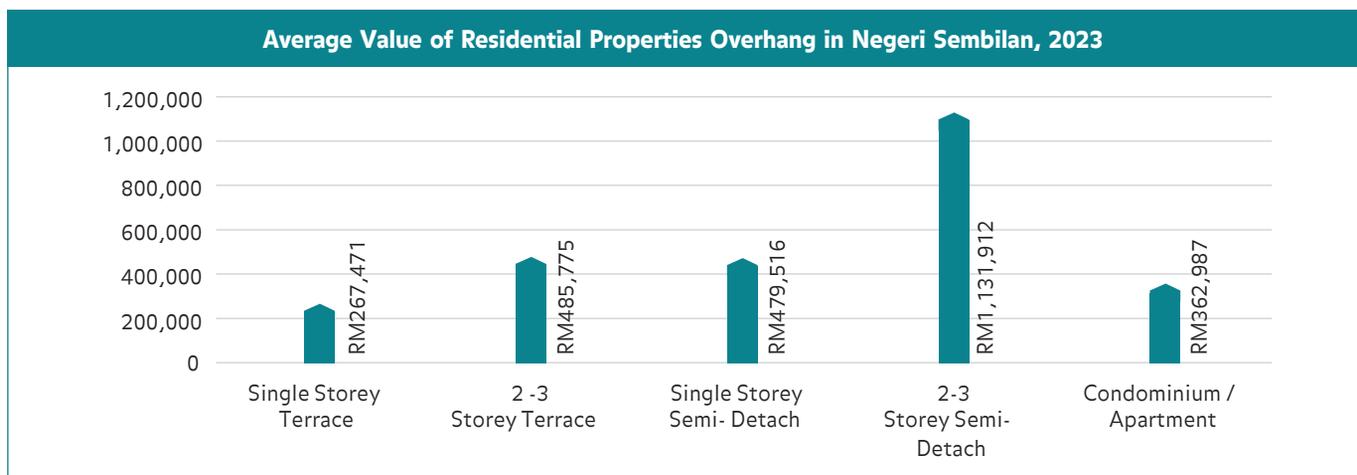
Over the past six years, the Negeri Sembilan market has efficiently absorbed the overhang of landed residential units. However, 2023 saw a significant surge in condominium/apartment overhang units. Specifically, the overhang percentage in relation to the launched units for landed properties modestly increased from 11.8% in 2022 to 17.1% in 2023. In contrast, the overhang for condominiums/apartments jumped from 10.6% to 23.8% during the same period, leading to an overall increase in overhang from 11.4% to 21.6% across the residential property market.

Additionally, a considerable majority of Negeri Sembilan’s overhang units are located in the Seremban district, accounting for 81.6%. Within this, condominiums and apartments make up just over half at 50.4%, while terrace houses represent 42.9%.



Sources: NAPIC, Knight Frank Research

In 2023, Negeri Sembilan’s property overhang data revealed that condominiums/apartments, having the highest number of overhang units, were valued at an average of RM362,987. Meanwhile, the most sought-after residential properties, the 1- to 2-storey and 2- to 3-storey terrace houses, had average values of RM267,471 and RM485,775, respectively.



Sources: NAPIC, Knight Frank Research

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RESIDENTIAL MARKET OUTLOOK

The residential market activity in the Klang Valley has shown resilience in 2023 compared to the corresponding period in 2022, while the residential market activity in Negeri Sembilan has witnessed an increase in both transaction volume and value. The overhang inventory within the Klang Valley has seen a substantial contraction of 13.9% compared to the last year (factoring in serviced apartments while excluding low-cost housing). This reduction signifies a notable decline in the overhang ratio (to total launched units), from 17.7% in 2022 to 15.8% in 2023, indicative of strengthened market absorption. Conversely, Negeri Sembilan's residential market has witnessed a 30.8% surge in overhang units, mainly in condominiums and apartments, possibly indicating a sustained preference for landed houses. However, it's noteworthy that despite the increase in overhang percentage, the actual number of additional overhang units is relatively small.

The residential market presents a nuanced landscape, balancing potential risks with positive trends that shape the industry's trajectory. With the steep increase in the prices of building materials translating to higher construction costs, prices for residential properties are set to increase moving forward. This, coupled with the increase in the Overnight Policy Rate ("OPR") from 2.75% to 3.00% on 3 May 2023, is anticipated to present headwinds in the property market due to the higher borrowing cost.

Nonetheless, REHDA's Property Industry Survey for 2024 anticipates optimism for the second half of 2024 despite the current challenges facing the industry. Developers remain confident that the market will improve, driven by improved consumer purchasing power and residential sector expansion. More developers are also expected to unveil attractive campaigns to boost sales of unsold inventories and new property products. Additionally, there is a growing demand for a more focused approach, such as sustainable living, which incorporates green initiatives and the integration of renewable energy elements.

Under Budget 2024, tabled in October 2023, the government announced several significant initiatives related to housing and development. One key highlight was the imposition of a flat 4.0% stamp duty on the Memorandum of Transfer ("MOT") for non-citizens and foreign-owned companies, effective from 1 January 2024, potentially helping control land and property prices for locals. Additionally, a fixed stamp duty fee of RM10 will replace the previous variable rate for real estate transfer documents when beneficiaries relinquish their rights to eligible beneficiaries as per a will, Faraid, or the Distribution Act 1958. The government has allocated RM2.5 billion for public housing projects ("PPRs") in 2024 to enhance homeownership, particularly in the B40 category. Furthermore, the allocation for the Housing Credit Guarantee Scheme has doubled from RM5 billion in 2023 to RM10 billion in 2024, expected to benefit 40,000 borrowers.

Meanwhile, Sime Darby Property Bhd and Maybank have partnered to integrate Maybank's Home2u financing platform into Sime Darby Property's Online Booking System ("OBS"). This integration aims to facilitate swift home financing approval and offer competitive financing rates for prospective homebuyers, ultimately making homeownership more accessible.

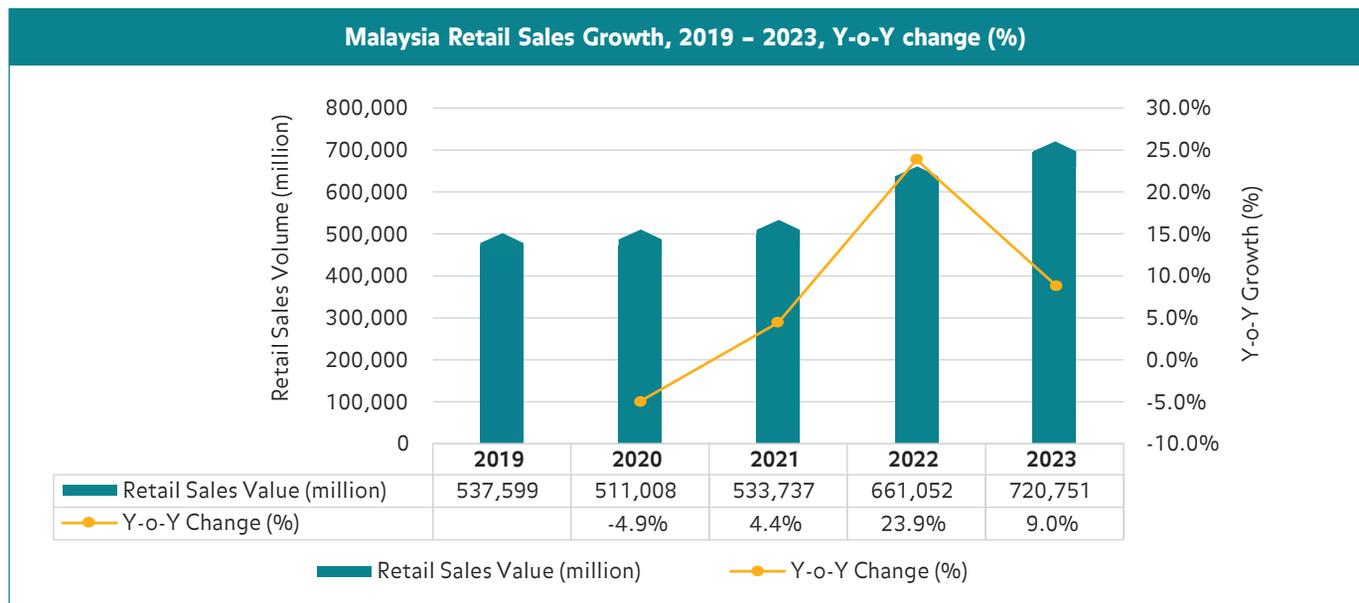
The pandemic has indeed brought about a shift in buyers' preferences for residential property. Given affordability considerations, there is a growing inclination towards landed properties or low-density developments with more extensive and spacious layouts. Many developers are now incorporating extra rooms or study rooms that can be converted into home offices, to align with the increasing trend of remote/hybrid work lifestyles.

The gradual recovery of the property market is expected to continue into 2024, supported by firmer economic growth and an improving job market as well as favourable government policies and incentives. The completion of recent infrastructure projects and the well-connected train lines will further support market activities in the development sector.

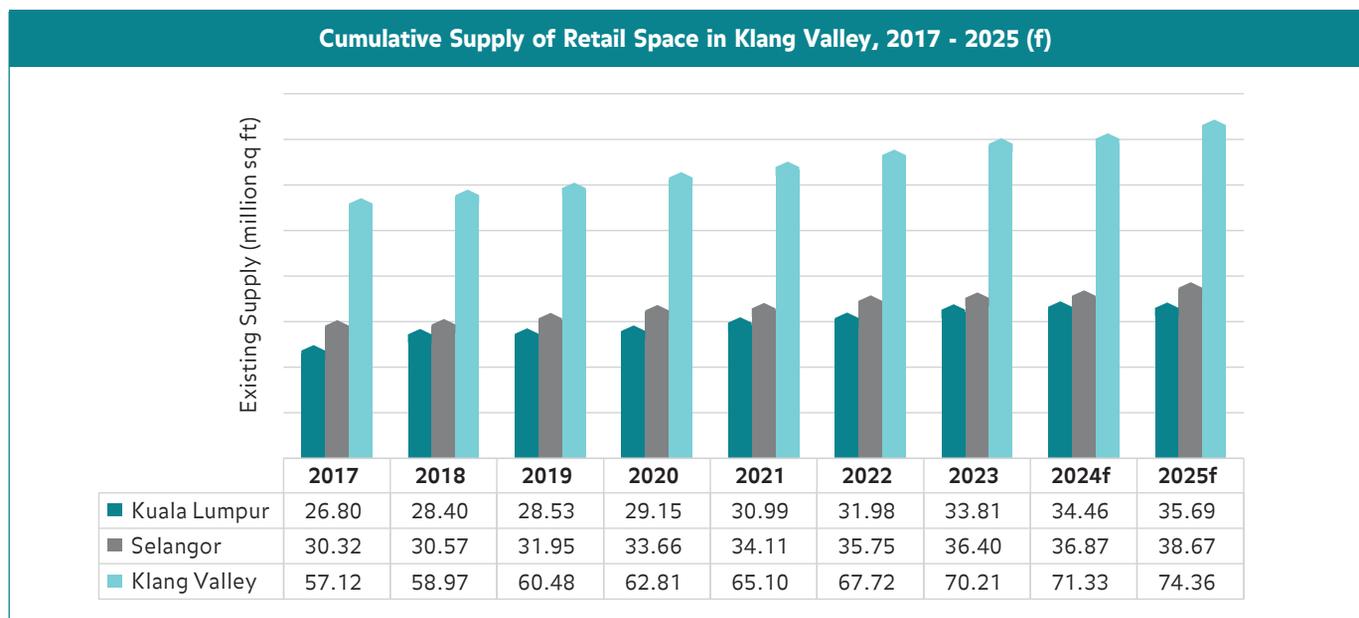
RETAIL PROPERTY SECTOR

MARKET OVERVIEW

The retail sales in Malaysia, as recorded by the Department of Statistics Malaysia (“DOSM”), increased by 9.0% year-on-year in 2023, reaching RM720.7 billion compared to RM661.0 billion in 2022. This commendable growth rate is mainly attributed to the double-digit year-on-year growth of retail sales in specialised stores, including automotive fuel (14.0%), food, beverages & tobacco (13.3%), and non-specialised stores such as supermarkets/hypermarkets, department stores, and convenience stores (12.0%). Among these, non-specialised stores accounted for the majority of total retail trade sales in 2023, contributing 38.1%.



Sources: Department of Statistics Malaysia (DOSM), Knight Frank Research



Source: Knight Frank Research
(f) = Forecast

STRATEGIC REVIEW

Operating Landscape

Market Review and Outlook

The cumulative retail space supply in Klang Valley has grown at a CAGR of 3.5% per annum, from 57.1 million sq ft in 2017 to 70.2 million sq ft in 2023, following the recent completions of Pavilion Damansara Heights Phase 1 (Net Lettable Area ("NLA"): 530,000 sq ft) and The Exchange TRX (NLA: 1.3 million sq ft) in Kuala Lumpur as well as KSL Esplanade Mall (NLA: 650,000 sq ft) in Klang, Selangor. Collectively, these retail projects added a total of 2.5 million sq ft of retail space to the market in 2023.

The Exchange TRX is set to become Kuala Lumpur's new social hub with a committed occupancy rate of circa 95% upon its opening in November 2023. Redefining the luxury retail landscape, the mall will house over 500 experiential stores with Seibu, one of Japan's largest department stores anchoring the retail stores. The centerpiece of The Exchange TRX, its 10-acre park is also the largest rooftop public park in Kuala Lumpur.

Phase 1 of Pavilion Damansara Heights Mall is part of the larger integrated development which also comprises luxury residences, corporate office towers and a proposed 5-star hotel. It opened on 9 October 2023 with a committed occupancy rate of 80.0%, offering options for fashion, food and beverage, beauty and urban leisure as well as an event gallery and entertainment hub.

KSL Esplanade Mall is planned as a "third space" with a landscaped park, a 10,000 sq ft event space, outdoor dining terrace and children's play area. Envisioned to become Klang's one-stop shopping destination, the mall achieved approximately 75% occupancy upon its opening.

Looking ahead, three more retail developments with a total NLA of circa 1.7 million sq ft are anticipated to enter the Klang Valley retail market in 2024, namely Pavilion Damansara Heights (Phase 2) and 118 Mall in Kuala Lumpur as well as Elmina Lakeside Mall in Selangor.

New and Expected Completions of Retail Malls in 2023 and 2024

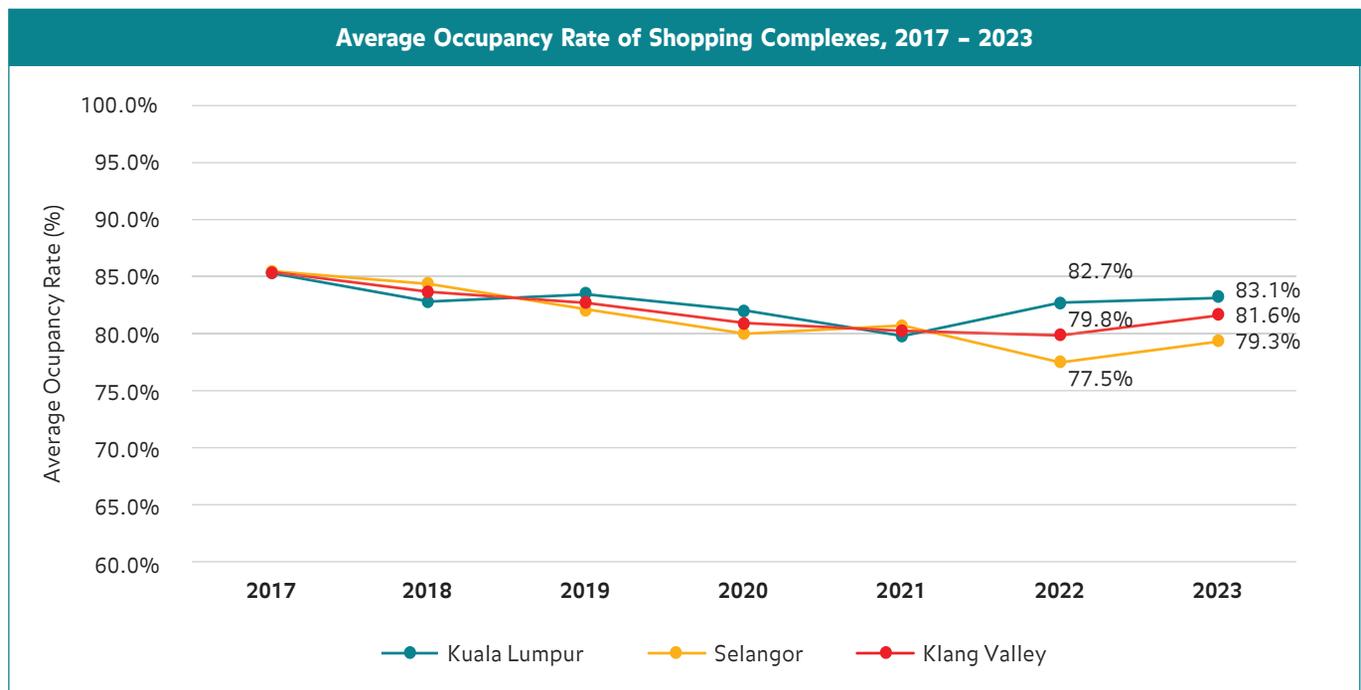
New Completions in 2023	Net Lettable Area ("NLA")
Kuala Lumpur	
Pavilion Damansara Heights Phase 1 The Exchange TRX	1.8 million sq ft
Selangor	
KSL Esplanade Mall	0.7 million sq ft
Expected Completions in 2024	Net Lettable Area ("NLA")
Kuala Lumpur	
Pavilion Damansara Heights (Phase 2) 118 Mall	1.5 million sq ft
Selangor	
Elmina Lakeside Mall	0.2 million sq ft

Source: Knight Frank Research

The average occupancy rates of shopping complexes (including shopping centres, hypermarkets, and arcades) in Kuala Lumpur and Selangor increased marginally by 0.5% and 2.3% y-o-y in 2023, registering at 83.1% and 79.3% respectively. This resulted in an overall occupancy increase of 2.2% in the Klang Valley.

With the changing landscape in consumer attitudes, behaviours and purchasing habits, retailers are continuously creating and introducing immersive experiences to drive sales and strengthen their commitment in embracing sustainability and ESG (environmental, social, and governance) principles.

Meanwhile, local and foreign brands continue to debut in prime shopping centres while existing retailers continue to strategise for expansions. Uniqlo’s first coffee kiosk in Malaysia has made its debut following the revamp of its flagship store at Fahrenheit 88. The remodeled three-storey shopping haven spans nearly 34,000 sq ft and features a dining area on the upper level. Adidas, a fusing sports, lifestyle and sustainability brand, has also unveiled Malaysia’s first ‘Home of Sports’ concept in Mid Valley Megamall.



Sources: NAPIC, Knight Frank Research

In 2023, MTrustee Bhd, the trustee of Pavilion REIT, signed a sale and purchase agreement to acquire Pavilion Bukit Jalil Mall from Malton’s subsidiary, Regal Path Sdn Bhd, for RM2.2 billion. A more recent transaction includes Sunway Real Estate Investment Trust (SunREIT) announcing the acquisition of 163 Retail Park in Mont Kiara, Kuala Lumpur, for RM215 million.

Meanwhile, in Selangor, MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary of MRCB had entered into a sale and purchase agreement with PKNS for the proposed disposal of Plaza Alam Sentral Mall and the adjoining land to PKNS for a cash consideration of RM178 million. Pacific Trustees Berhad, trustee for and on behalf of KIP REIT, had also entered into a conditional sale and purchase agreement with Cahaya Serijaya Sdn Bhd for the proposed acquisition of KIPMall Kota Warisan for a purchase consideration of RM80 million.

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RETAIL MARKET OUTLOOK

The increasing retail space supply, particularly in the Klang Valley, indicates a highly competitive retail real estate market. The surge in retail space, outpacing population growth, raises concerns about oversupply and heightened competition among mall owners for tenants. This is likely to lead to a dilution of the tenant mix as mall owners vie for the same retailers, impacting market differentiation. It becomes crucial for mall owners to focus on strategic planning, unique value propositions and effective tenant curation to stand out in the crowded market.

The anticipated growth from 70.2 million sq ft in 2023 to 74.3 million sq ft by 2025 further underscores potential challenges in maintaining high occupancy rates and rental values. This trend could shift leasing dynamics, providing tenants with increased negotiation leverage.

In 2022, Malaysia's retail industry rebounded strongly with a 33.3% growth in retail sales. However, with retailers generally less optimistic about the spending power of consumers due to the higher cost of living, the country's retail sales growth for the full year of 2023 was at 2.2%. Nevertheless, in 2024, the retail sales growth is forecasted to be at 4.0%, particularly supported by the expected higher retail sales growth in the first half of 2024.

Since the start of last year, the local retail sector has been faced with a more challenging environment, with local businesses across all sectors, including retail, grappling with labour shortages, mirroring the global scene. Coupled with higher electricity cost, the increase in the national minimum wage which led to rising manpower cost has also affected retailers' sales and operation costs.

The rising cost of living and high inflation, which continued to persist throughout the year, continued to exert pressure on the purchasing power of consumers. Despite the inflation rate declining in the past quarter, it remains elevated compared to the long-term average. The depreciation of the Malaysian Ringgit also leads to higher import prices, placing a burden on consumers as the country is a net food importer. With weaker currency and elevated inflation, private consumption declines as purchasing power is reduced.

Ongoing policy support by the government, including the 'Payung Rahmah' initiative was launched to cushion the impact of the rising cost of living. The government is allocating RM200 million for the 'Payung Rahmah' initiative in its commitment to ease the rising cost of living. The government also continues to allocate cash assistance and incentives to boost consumer spending, increasing 25% from the previous year to RM10 billion.

Driven by Malaysia's steady growth of digital consumers as well as the high penetration of e-wallets and digital payments, e-commerce is indispensable. Physical stores remain vital; however, consumers have come to expect a seamless shopping experience, online and offline. Driven by younger consumers, particularly the millennials and Gen Z, digital payments services/e-wallet is projected to gather further momentum. With continuing labour shortages, retailers are likely to turn to automation, investing more heavily and strategically in digital infrastructure.

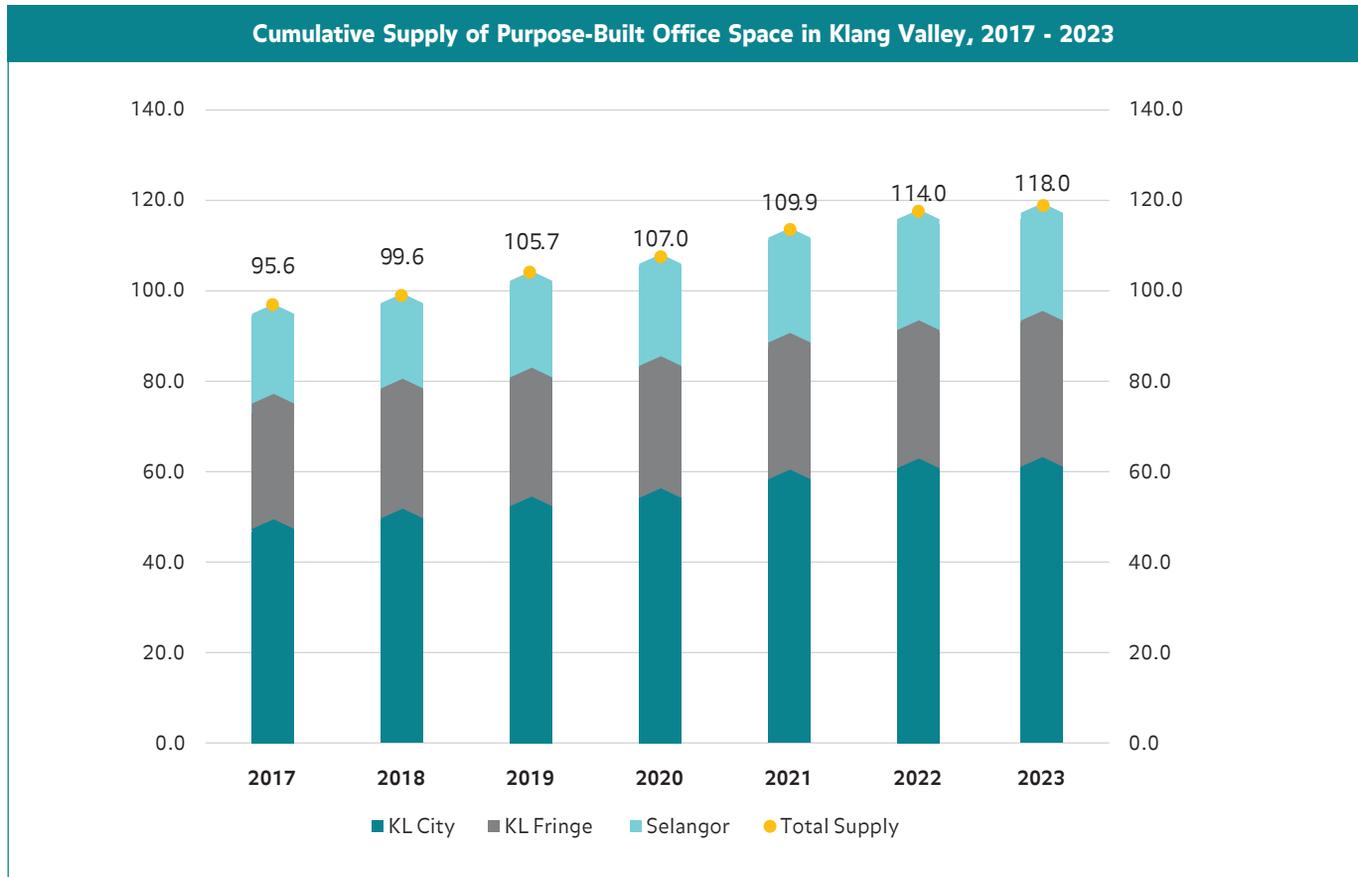
With the ever-evolving retail landscape, retailers and mall operators are increasingly re-configuring their spaces and embarking on asset enhancement initiatives to incorporate ESG principles in their business strategies. These efforts aim to differentiate from a saturated market apart from promoting experiential retail, thematic stores and promotional events, while also distinguishing the shopping experience from online retail and luring consumers to physical stores.

The overall outlook for shopping malls remains positive in terms of retail sales, particularly during the first half of 2024, with the recent Chinese New Year celebration and the upcoming Ramadan and Hari Raya Celebrations. Retail sales in the first quarter of 2024 is anticipated to increase by 7.1%, as reported by the Retail Group Malaysia. However, it is crucial to closely monitor the impact of recent regulatory changes, including the increase in the Sales and Services Tax (SST) from 6% to 8% and the introduction of a luxury tax ranging from 5% to 10%, all implemented swiftly in the first quarter of 2024. The industry will be keenly observing how these changes may affect operating costs, consumer behaviours, product pricing, and the overall economy.

OFFICE PROPERTY SECTOR

MARKET OVERVIEW

From 2017 to 2023, the cumulative supply of purpose-built office space in Klang Valley grew at a CAGR of 3.5%, from 95.6 million sq ft to 117.7 million sq ft. Following the completion of seven buildings in 2023, a total of 3.7 million sq ft of office space was added to the market in Klang Valley.



Source: Knight Frank Research

Note:

1. KL City: New Central Business District (formerly Golden Triangle), Old Central Business District (formerly Central Business District), KL City Centre Peripheral
2. KL Fringe: Decentralised localities of Damansara Heights, KL Sentral, Taman Tun Dr Ismail (TTDI), Mont' Kiara, Dutamas, Mid Valley City, KL Eco City, KL Gateway, Bangsar South, Kerinchi, Pantai and Bangsar
3. Selangor: Refers to all zones in Selangor

This follows the completions of Sunway V2 (Velocity 2) Office Tower, PNB 1194 and Merdeka 118 Tower in KL City, totaling 2.2 million sq ft; as well as Senada Corporate Tower, Pavilion Damansara Heights Corporate Towers 3, 3A, 5, 6, 7, 8 & 9 (Phase 1), Pavilion Damansara Heights Corporate Tower 2 (Phase 1) and Aspire Tower in KL Fringe, totaling 1.8 million sq ft. As for Selangor, there were no notable new completions in 2023.

By the end of 2024, six office buildings or circa 1.7 million sq ft of supply pipeline is scheduled to come on-stream- three in KL City, two in KL Fringe and another one in Selangor.

The three upcoming office buildings in the capital city include Felcra Tower, The Exchange TRX and Oxley Tower (totaling 0.7 million sq ft) while in KL Fringe, they are TNB Gold @ Bangsar and Pavilion Damansara Heights Corporate Tower 1 (Phase 1), totaling 0.7 million sq ft. The only upcoming building in Selangor is Office Towers @ Atwater (0.3 million sq ft).

STRATEGIC REVIEW

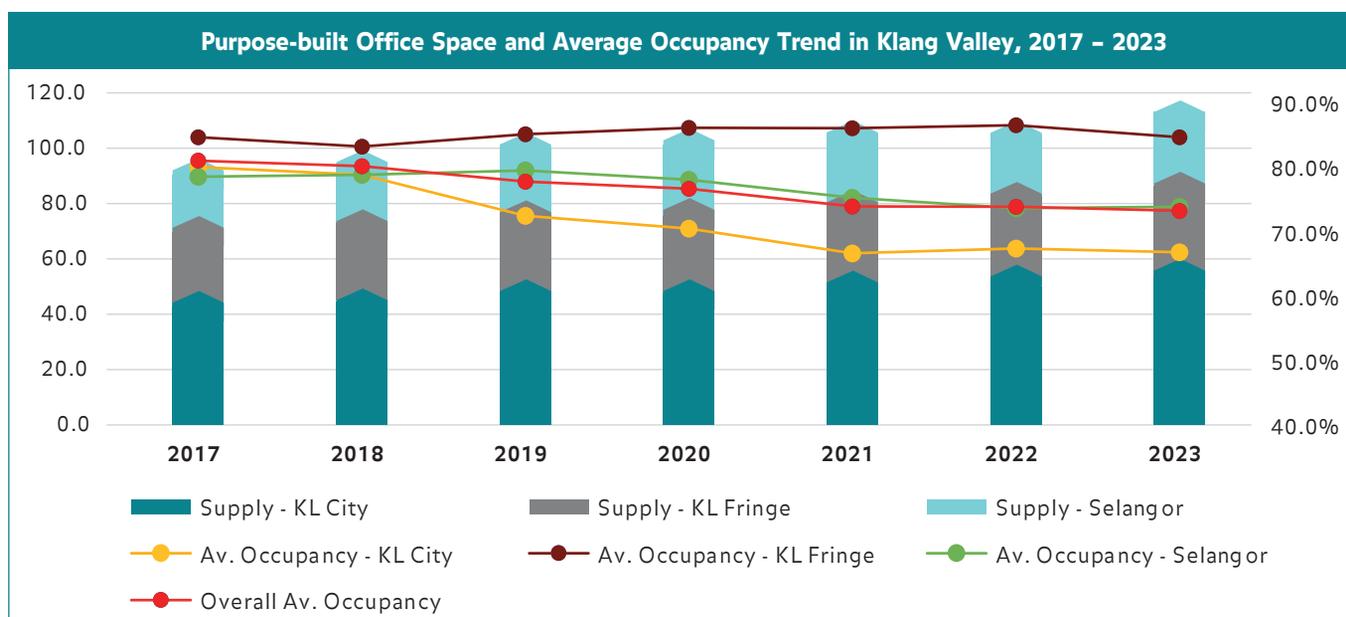
Operating Landscape

Market Review and Outlook

New and Expected Completions of Purpose-built Office Space in 2023 and 2024

New Completions in 2023	Net Lettable Area ("NLA")
Kuala Lumpur City	
Sunway V2 (Velocity 2) Office Tower PNB 1194 Merdeka 118 Tower	2.2 million sq ft
Kuala Lumpur Fringe	
Senada Corporate Tower Pavilion Damansara Heights Corporate Towers 3, 3A, 5, 6, 7, 8 & 9 (Phase 1) Pavilion Damansara Heights Corporate Tower 2 (Phase 1) Aspire Tower	1.8 million sq ft
Expected Completions in 2024	Net Lettable Area ("NLA")
Kuala Lumpur City	
Felcra Tower (Lot 391) The Exchange TRX Oxley Tower	0.7 million sq ft
Kuala Lumpur Fringe	
TNB Gold, Bangsar Pavilion Damansara Heights Corporate Tower 1 (Phase 1)	0.7 million sq ft
Selangor	
Two office towers @ Atwater	0.3 million sq ft

Source: Knight Frank Research



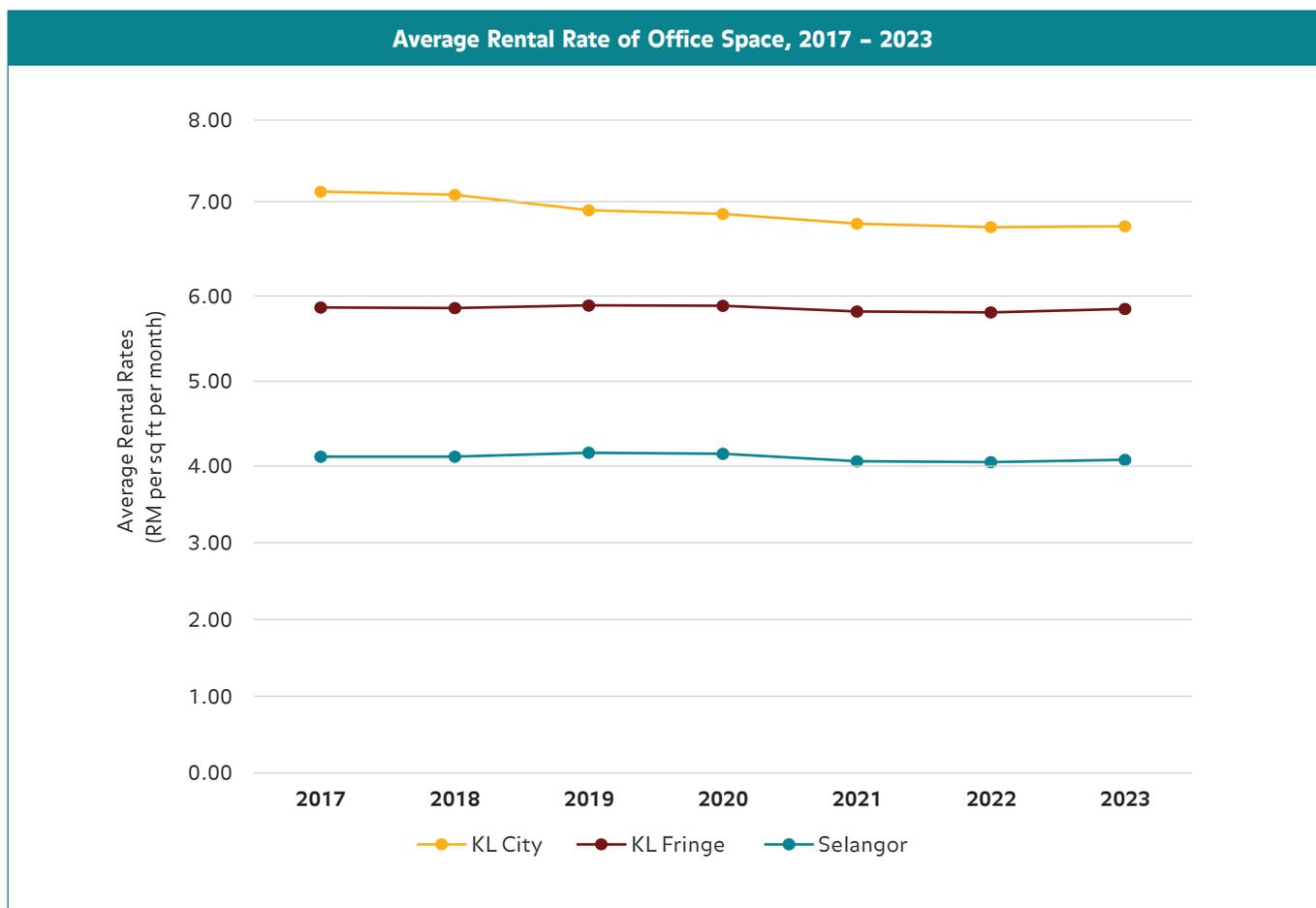
Source: Knight Frank Research

The purpose-built office space in Klang Valley continued to record a declining trend in occupancy rates reaching 73.2% in 2023, due to a substantial increase in new supply for the past six years. In specific areas, KL City and KL Fringe saw a slight decline in average occupancy rates, with variations of 0.8% and 2.1% y-o-y, respectively.

In contrast, the average occupancy rate of office space in Selangor improved slightly to record 73.8% in 2023 (2022: 73.6%).

The average rental rates of office space in KL City and KL Fringe were marginally higher at RM6.44 per sq ft per month and RM5.70 per sq ft per month in 2023 respectively (2022: KL City – RM6.42 per sq ft per month; KL Fringe – RM5.63 per sq ft per month). This follows the completion of new buildings with improved specifications such as Merdeka 118 Tower which command higher average rental rates. Moving forward, the scheduled completion of more office buildings in the next one to two years will further widen the supply-demand gap. With existing and newly completed buildings competing for the same pool of tenants, this will heighten competition, resulting in a tenant-led office market.

Similarly, the average office rent in Selangor was also higher at RM4.15 per sq ft per month during the review period (2022: RM4.09 per sq ft per month).



Source: Knight Frank Research

In 2023, three office buildings in KL City, namely Menara HSBC Leboh Ampang, Menara TM Semarak and Tower 3 @ Oxley Towers KLCC, were sold at a total consideration of circa RM532.8 million. There was no notable transaction in KL Fringe during the year while for Selangor, there were six notable office transactions, namely Qi Tower, Bangunan KWSP Damansara Fairway, Menara CelcomDigi, 3 Damansara, Menara Serba Dinamik and Tower 2 of PJ Sentral, with total consideration estimated at RM922.8 million.

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OFFICE MARKET OUTLOOK

The Klang Valley office market is anticipated to remain stable with modest recovery in the near to mid-term, underpinned by sustained demand for office spaces from various sectors such as technology, finance, and professional services – driven by the flight-to-green trend and growing awareness of ESG factors.

Moving forward, the KL City office market is expected to face challenges given the increase in office supply by 2.2 million sq ft during 2023, exerting downward pressure on both occupancy and rental levels. Nevertheless, with the newly completed Merdeka 118 reported to be almost 70% tenanted, the effective new supply from the new completions is expected to provide some relief on current downward supply pressure.

Meanwhile, the market demand for office space in KL Fringe is anticipated to remain stable, attributed to its established location, comprehensive infrastructure and limited incoming supply of Grade A offices. Similarly, selected decentralised office locations in Selangor continue to grow in popularity due to the availability of good-grade office space at attractive rental rates coupled with improved infrastructure providing easy accessibility and good connectivity via the fully operational MRT Line 1 and Line 2 as well as the existing LRT and KTM Komuter lines. In particular, Grade A office buildings with green certifications and MD (Malaysia Digital) Status are anticipated to experience better demand. Thus, both rental and occupancy levels within KL Fringe and Selangor are expected to be insulated by the presence of sustained demand.

The government has also introduced various subsidies and incentives under the revised Budget 2023 and Budget 2024 to support the business industry. Highlights include the designation of TRX as Malaysia's international financial hub and special economic zone to attract high-quality foreign investment; the extension of Green Investment Tax Allowance ("GITA") and Green Income Tax Exemption ("GITE") until December 2025 to encourage sustainable initiatives; and the Global Services Hub ("GSH") incentive to boost Malaysia's competitiveness as a leader in the global services sector.

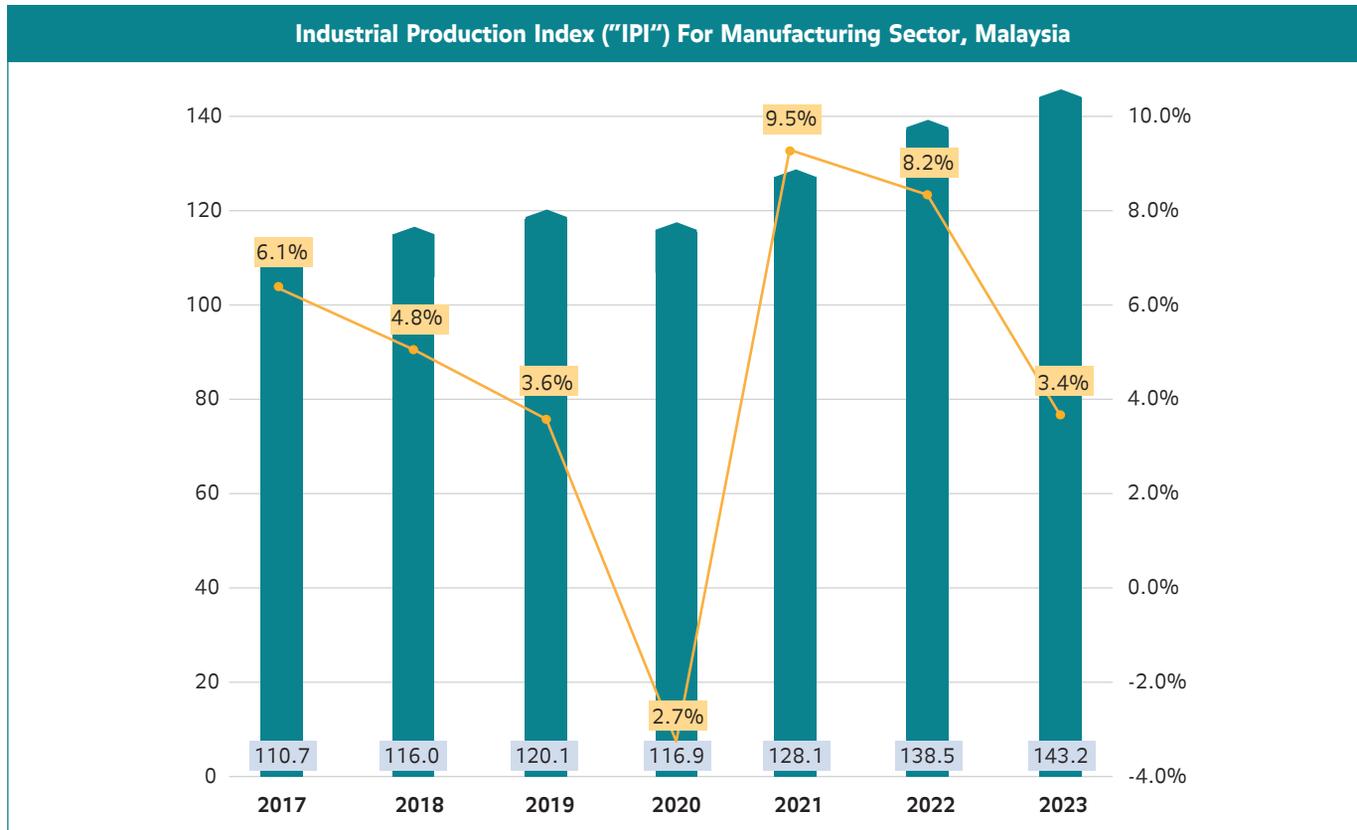
Selected REITs or landlords of well-located buildings, which are dated and older, continue to shift their focus on asset management and enhancement initiatives by refurbishing/revamping their office buildings. They are also motivated to offer attractive leasing packages that are centred on tenant retention to improve their market competitiveness and attract new occupiers.

Co-working spaces continue to gain popularity amongst larger corporate clients as organisations continue to adopt hybrid workstyles, in addition to traditional clientele such as independent professionals, micro, small, and medium enterprises ("MSMEs") and some multinational corporations ("MNCs"). Demand for co-working and flexible spaces will continue to be sustained, accommodating evolving work models, primarily due to the flexibility they provide in terms of scalability and cost-effectiveness, which is highly valued in the post-COVID era. In response to the rising demand, co-working operators are expanding their presence and offering comprehensive and hybrid work solutions that appeal to both SMEs and MNCs.

INDUSTRIAL PROPERTY SECTOR

MARKET OVERVIEW

Malaysia’s manufacturing sector recorded continuous growth in 2023, with the Industrial Production Index (IPI) rising from 138.5 to 143.2 points. This growth was primarily attributed to the categories of 1) food, beverage & tobacco, 2) petroleum, chemical, rubber and plastic products and 3) electrical and electronic products.



Sources: Department of Statistics Malaysia (“DOSM”), Knight Frank Research

In 2023, the pace of global trade expansion slowed, influenced by several factors including diminished commodity prices, geopolitical tensions, rising inflation and a downturn in the semiconductor industry. Notably, the lower prices of commodities such as crude palm oil, crude petroleum and liquefied natural gas (“LNG”) impacted trade performance. Additionally, geopolitical uncertainties, such as tensions between the United States and China, the Russia-Ukraine conflict, and Middle East disputes, adversely affected the global economy, including reduced demand for products. High inflation worldwide also diminished the purchasing power of consumers in importing countries.

As a result, Malaysia’s total exports, imports, and trade balance for the year stood at RM1,425.7 billion, RM1,211.6 billion, and RM214.1 billion, respectively. Compared to 2022, there was a decline of 8.0% in total export value and a 6.4% decrease in total import value. Consequently, the trade balance experienced a 16.4% negative growth.

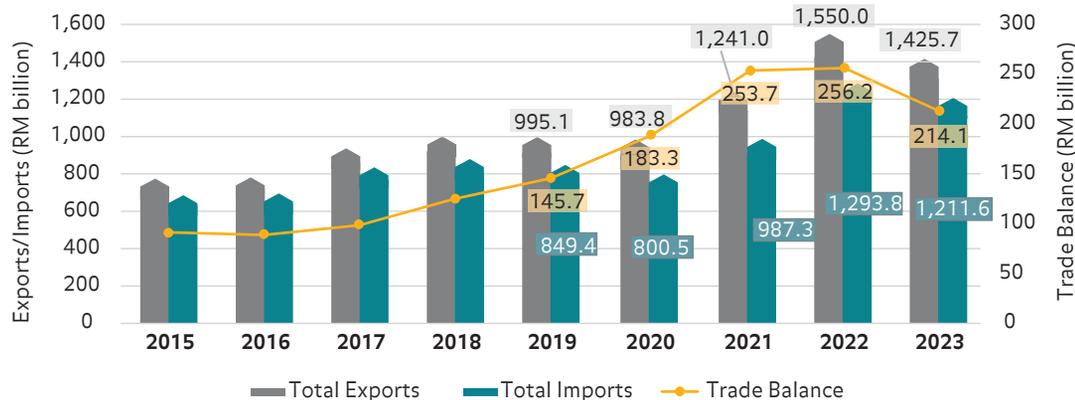
Despite these global economic challenges, Malaysia’s trade performance remained strong, with the trade balance surpassing the RM2 trillion mark for the third consecutive year since 2021. Exports exceeded RM1 trillion for the third consecutive year, while imports also achieved a significant milestone by crossing the RM1 trillion threshold for the second time. Furthermore, the nation’s trade outcomes aligned closely with the Ministry of Finance’s Economic Outlook 2024 forecasts, achieving 100.1%, 99.7%, and 100.5% of the projected trade, exports, and imports figures, respectively.

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External Trade in Malaysia, 2015 to 2023



Sources: Department of Statistics Malaysia (DOSM), Knight Frank Research

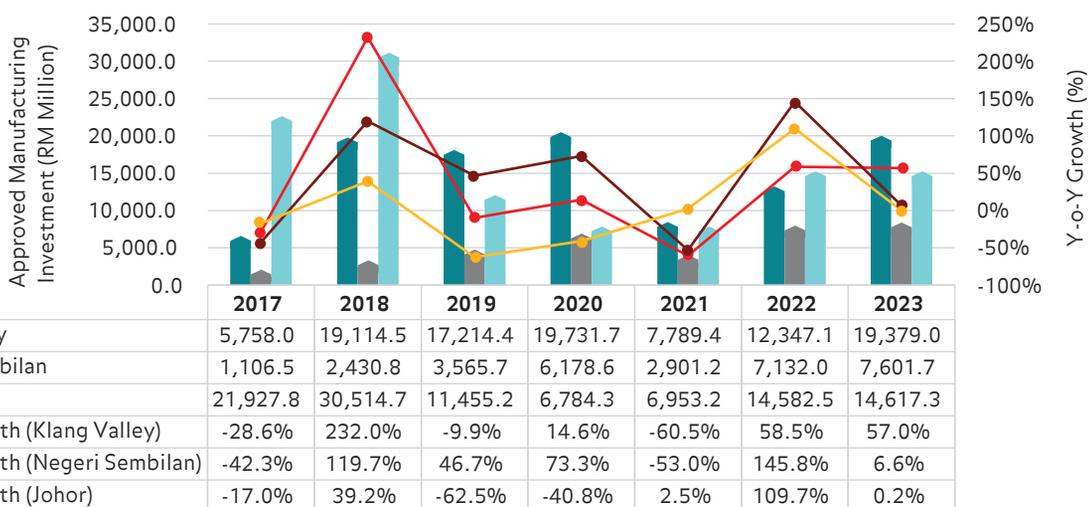
APPROVED MANUFACTURING INVESTMENT

The approved manufacturing investments in the three selected states have shown a y-o-y increasing trend in 2023. In the Klang Valley, particularly in Selangor, investments have surged by 58.2% to RM19.31 billion, marking the highest increase among the states. Selangor's investment growth contributed 12.7% to Malaysia's total approved manufacturing investments, owing to its well-developed infrastructure supporting major industry clusters and strategic locations.

On the other hand, Negeri Sembilan experienced a growth of 6.6% to RM7.60 billion, marking the highest investment achieved in the state. Johor, following a remarkable growth in approved manufacturing investment in 2022 with a surge of 110% or slightly more than two-fold, saw a slight increase of 0.2%.

The majority of approved manufacturing investments are contributed by foreign direct investment. Selangor accounted for 70.8% of such contributions, Negeri Sembilan 79.1% and Johor 64.5%.

Approved Manufacturing Investments in Klang Valley, Negeri Sembilan and Johor



Sources: MIDA, Knight Frank Research

CUMULATIVE SUPPLY OF READY-BUILT FACTORY IN KLANG VALLEY, NEGERI SEMBILAN & JOHOR

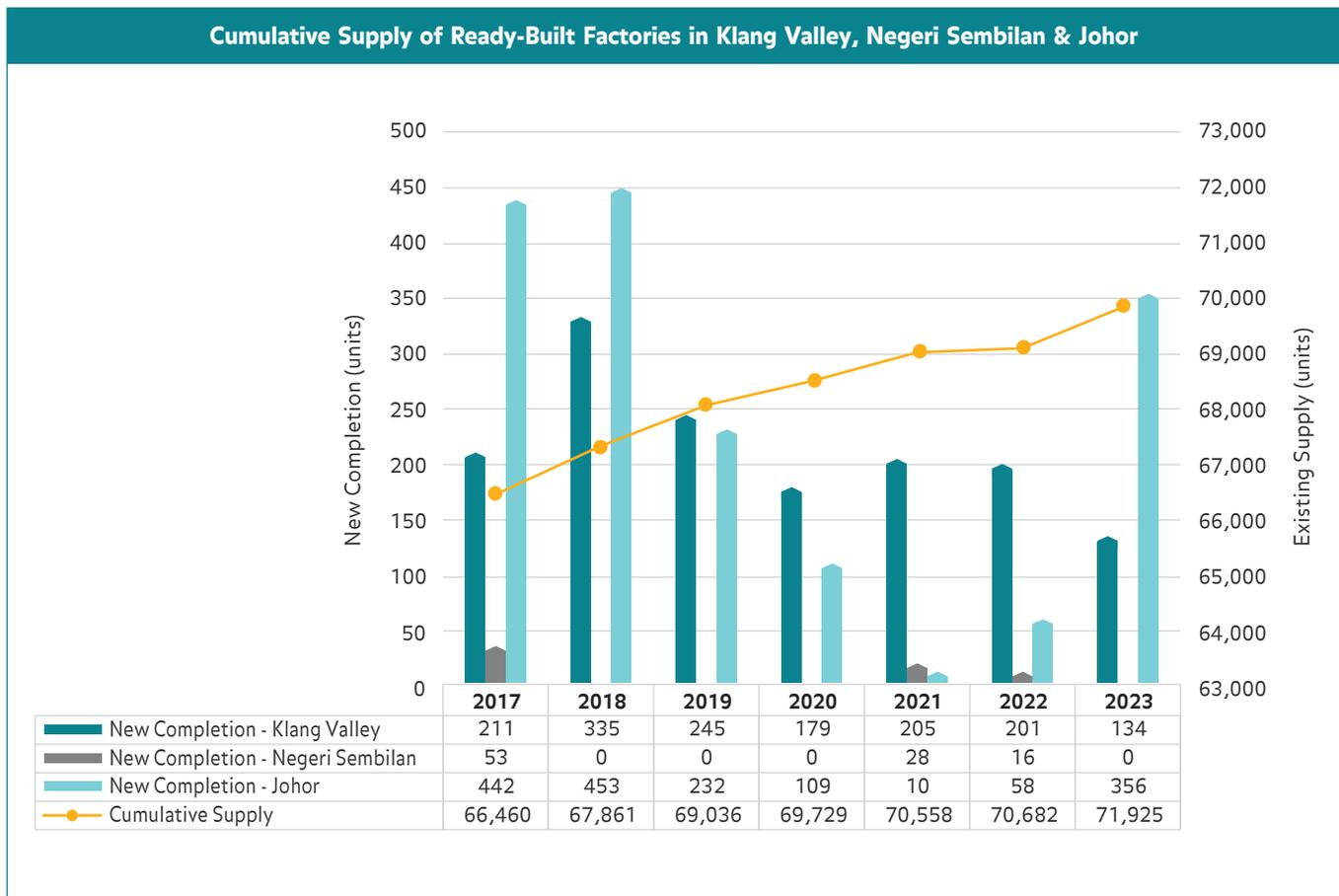
In 2023, the total number of ready-built factory units in the Klang Valley, Negeri Sembilan, and Johor reached 71,925. Selangor accounted for the largest share at 58.5% (42,008 units), followed by Johor at 26.7% (19,205 units), Negeri Sembilan at 7.7% (5,574 units), and Kuala Lumpur at 7.1% (5,138 units).

Since 2017, the industrial property market in the Klang Valley has shown strength, with an increase of 1,510 ready-built factory units by 2023. Johor, similarly, has seen a significant rise in industrial property availability, with an additional 1,660 units during this period. Negeri Sembilan, on the other hand, has seen more modest growth, adding only 97 industrial properties.

In the Klang Valley, the bulk of incoming developments are in Selangor, totaling 3,643 units, while Kuala Lumpur has 37 units. Within Selangor’s incoming units, 41.7% (1,518 units) are under construction, and 58.3% (2,125 units) are in the planning stage, with a significant concentration in the Klang district, which represents 46.4% (1,708 units) of the total.

Negeri Sembilan is expecting 184 ready-built factories, with an additional 659 units under planning, predominantly in the Seremban District. Johor’s future industrial property supply is estimated at 578 units, with 508 units currently in the pipeline and 70 units in the planning stages. The majority of this future supply is located in the districts of Johor Bahru, holding a 44.1% share (255 units), and Kulai, with a 19.4% share (112 units).

Some of the notable upcoming industrial projects include Sime Darby Property’s E-Metro Logistics Hub (Metro Hub 1 & 2) in Bandar Bukit Raja 2, COMPASS industrial park in Kota Seri Langat, Mah Sing Business Park in Serenia City, Eco Business Park V in Kuala Selangor, Sunsuria Kejora Business Park in Puncak Alam and NCT Smart Industrial Park in Sepang.



Sources: NAPIC, Knight Frank Research

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TRANSACTION VOLUME & VALUE

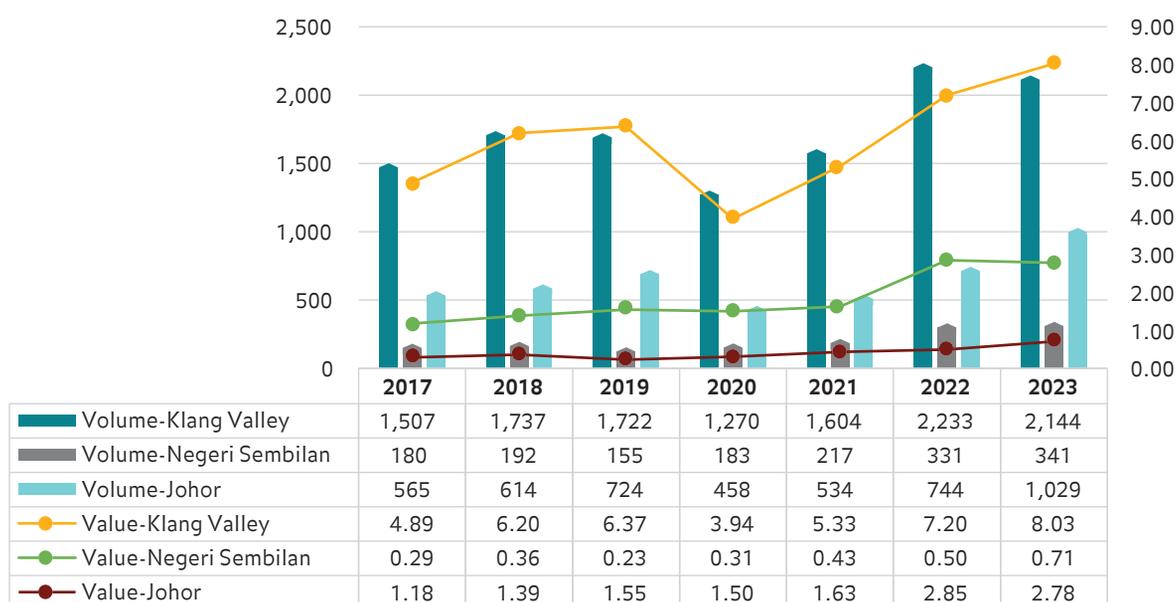
Since 2017, Klang Valley has witnessed a steady demand for ready-built factories, with annual sales varying between 1,270 and 2,233 units. By 2023, the region achieved a cumulative sale of 12,217 units, totaling RM41.9 billion in value. The total transaction volume in 2023 experienced a slight decrease of 4.0%, although the value increased by 11.5%. Terraced factories/warehouses dominated the market, accounting for 60.8% of the transactions, followed by semi-detached (23.8%) and detached factories/warehouses (14.0%), with industrial complexes contributing 1.4%. Klang and Petaling districts emerged as the most significant areas for industrial activity.

In Negeri Sembilan, there were 1,599 transactions of ready-built factories over the review period, with a total value of RM2.8 billion. In 2023, the transaction volume and value were recorded at 341 units and RM0.71 billion, respectively, marking increases of 3.0% and 41.9% compared to 2022. Terraced factories/warehouses represented 62.5% of these transactions in 2023, mostly located in Seremban.

Johor saw 4,668 transactions of ready-built factories valued at RM12.88 billion during the same period. In 2023, Johor's industrial property transactions surged remarkably by 38.3% from 744 units in 2022 to 1,029 units, with the highest demand observed for semi-detached (45.5%) and terraced (33.6%) units. Johor Bahru was the district with the most industrial activity. This uptick aligns with the increase in approved manufacturing investments in 2022, which doubled the investment received in 2021.

The industrial sector has garnered significant interest in recent years, driven by the expansion of e-commerce and the logistics industry. Interest remains high, particularly in integrated and managed industrial parks as well as logistics hubs. Despite the sector attracting considerable attention over the past three years, there is a risk of oversupply. However, niche industrial developments tailored to specific needs, such as managed industrial parks with centralised labour quarters or data center technology parks, are becoming increasingly popular, diverging from generic industrial offerings.

Transaction Volume & Value of Ready-Built Factories in Klang Valley, Negeri Sembilan & Johor



Sources: NAPIC, Knight Frank Research

OVERVIEW OF READY-BUILT, BUILT-TO-SUIT FACTORY DEVELOPMENT AND THE LOGISTIC SUB-SECTOR

Malaysia attracted RM329.4 billion worth of approved investments in the manufacturing, services and primary sectors, expected to generate 127,322 new job opportunities, representing a record-high increase of 23.0% y-o-y (2022: RM267.7.0 billion) in 2023. Malaysia continues to attract high-quality investments in the manufacturing sector, with approved investments in the sector accounting for RM151.9 billion or 46.1% share of the total approved investment across various economic sectors in 2023 (2022: RM84.2 billion). The government’s dedicated efforts in enhancing the capacity of high-value and technology-advanced industries have also positioned the country as the ideal destination for attracting foreign and domestic investments.

InvestKL achieved a groundbreaking milestone in 2023 by attracting a record setting RM8.7 billion in foreign direct investments. This impressive figure marks an astounding increase of over 300% from the RM2.8 billion recorded in 2022, demonstrating solid confidence among foreign investors in Malaysia’s economic potential. The surge in investments was driven by twelve leading global corporations from the Americas, Europe, and Asia regions. From the Americas, technology and consulting services took the lead, reflecting a strong interest in Malaysia’s digital economy. European investments encompassed healthcare technologies, financial services, and infrastructure, showcasing the region’s focus on innovation and sustainable development. Asian contributions were notably diverse, with investments spanning automotive, environmental services, healthcare devices, as well as travel and tourism. Overall, these investments generated 8,329 high-skilled jobs, marking a substantial increase from the 2,805 positions created in 2022.

The volume and value of industrial properties in Malaysia had risen since 2017, before dipping in 2020, and rebounding in 2021 to subsequently record at 8,082 transactions in 2022. In 2023, the transaction volume of industrial properties in Malaysia continued to increase to 8,157 units with Selangor, the country’s most industrialised state, continued to be the significant contributor, accounting for 31.8% of the nation’s industrial transaction volume.

Transaction Volume and Value for Industrial Properties in Malaysia, 2017 – 2023							
Year	2017	2018	2019	2020	2021	2022	2023
Volume (units)	5,725	6,032	6,261	4,758	5,595	8,082	8,157
Value (RM bil)	11,642.37	15,012.61	14,845.67	12,763.30	16,964.38	21,164.22	23,937.7

Sources: NAPIC, Knight Frank Research

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Several notable projects were approved in the manufacturing sector, including the notable investment amounting to RM1.3 billion from China's Tenpower to construct a manufacturing plant in Banting across 48 acres of industrial land in November 2023. DHL Supply Chain is looking to invest up to £350 million (RM1.74 billion) in Southeast Asia, of which Malaysia will receive the biggest investment of up to £131 million (RM666.59 million). Shanghai-listed LONGi Green Energy Technology Co is setting up a solar photovoltaic ("PV") manufacturing facility in Selangor, with a total of RM1.8 billion capital investment as part of its Malaysian expansion plan. Dialog Group Bhd and Hong Kong-listed Morimatsu International Holdings Co Ltd will spend RM250.0 million for the expansion of their joint venture company's engineering and fabrication facilities in Pengerang, Johor.

Real estate investment trusts ("REITs") continued to expand their portfolio into the thriving industrial segment. This includes CapitaLand Malaysia's acquisition of a single-storey detached warehouse in Hicom-Glenmarie Industrial Park, Shah Alam, to be transformed into a temperature-controlled distribution center via a convert-to-suit exercise. Additionally, the REIT company marked its entry into Malaysia's industrial segment with the acquisition of three freehold industrial factories in Johor's Nusajaya Tech Park for a purchase consideration of RM270.0 million. Atrium REIT is also acquiring five blocks of single-storey factories and a double-storey office building in Klang. Meanwhile, Sunway REIT has also expanded into the industrial segment with its acquisition of an industrial property located at Bukit Tengah Industrial Park, Prai, Penang, for a purchase consideration of RM66.8 million.

Logistics/Warehousing plays a pivotal role in facilitating the movement of goods both domestically and internationally, serving as a crucial element in the modern economy. In addition to fostering trade relationships with other nations, it serves as a vital catalyst for economic sectors like manufacturing, agriculture, and retail. This, in turn, generates positive ripple effects, including enhanced market reach and increased employment opportunities. Looking ahead, as trade continues to expand, the logistics sector is anticipated to experience growth, supported by strong demand for warehouse and distribution facilities as well as capitalising on the surge in the e-commerce market and rapid digital adoption.

There were several completions of warehouses/distribution centres during 2023, namely Symphony Warehouse in Shah Alam, LYL Logistic Park @ U10 Shah Alam (Phase 2), Bukit Raja International Industrial Complex (Phase 1) in Klang and the redevelopment of Bukit Raja Distribution Centre 2 in Shah Alam.

There are also several notable logistics-related announcements during 2023 that showcase the attractiveness of the country as a strategic investment destination. IJM Corp Bhd's wholly-owned subsidiary IJM RE Sdn Bhd has inked a joint-venture ("JV") agreement with FMM Elmina Sdn Bhd to develop two logistics hubs on a 22-acre freehold site in City of Elmina via a special purpose vehicle ("SPV"), Exio Logistics Sdn Bhd. The SPV is responsible for the construction and development of the hubs, scheduled to commence in early 2024. Upon completion, the hubs to be known as Storio Hub 1 and Storio Hub 2 with a combined floor space of 500,000 sq ft and a capacity of 110,000 pallet positions, will be fully leased to Storio Sdn Bhd. The hubs, which incorporate technology and Environmental, Social and Governance ("ESG") principles, will employ automated storage and retrieval system ("ASRS") alongside automated guided vehicles ("AGVs") to reduce carbon footprint through optimised operations.

Daiso Malaysia, in collaboration with Kajima-Suncon, will be investing RM1 billion to build its largest global distribution centre ("GDC") in Port Klang, which will also be Daiso's second international hub after China. The distribution hub is expected to commence construction in May 2024 and be operational in January 2027.

The demand for ready-built industrial properties is there to grow, with more and more launches seen in recent years. SDPLOG, a joint-venture between Sime Darby Property Bhd and LOGOS SE Asia Pte Ltd, has signed J&T Distribution Solutions Sdn Bhd as the first tenant for Metrohub 2. It is one of the first two facilities at E-Metro Logistics Park - Metrohub 1 and Metrohub 2 with 1.1 million sq ft and 824,000 sq ft in gross lettable area respectively. Metrohub 2 will consist of two ready-built 2-storey blocks, offering a versatile and multi-tenanted logistics facility with 7 warehouse spaces that range from 75,000 sq ft. to 230,000 sq ft. The state-of-the-art facility will offer an utility capacity of 300 Amps to cater for automation, a 12m width ramp access, loading bays with dock leveler, NFPA standards,

ESFR sprinkler system and other state-of-the-art facilities. It is expected to be completed in 1H2024. NCT Smart Industrial Park (“NSIP”), Selangor’s first certified managed industrial park is located in Sepang within the state’s Integrated Development Region. Spread over 300 hectares, the GreenRE-certified development has an estimated GDV of RM10 billion and will be developed over three phases. The first phase, with expected completion by early 2025, has a GDV of about RM2 billion and will offer a mix of semi-detached factories, detached factories and link-detached factories as well as 27 vacant industrial lots (total of 101 units/plots). The first phase has reportedly achieved circa 40% bookings as of June 2023. With the support of Invest Selangor, Malaysian Investment Development Authority (“MIDA”) and Ministry of Investment, Trade and Industry (“MITI”), NSIP has successfully secured its first foreign investor, YP Technology Development Co Ltd (Yue Pu), for the purchase of a 48.05-acre land plot.

COMPASS @ Kota Seri Langat, a master development spanning 220 acres of freehold land, is expected to yield a gross development value (“GDV”) of RM1.2 billion. The 59-acre COMPASS SME Precinct, which offers ready-built factories and warehouses sized from 3,600 sq ft to 50,000 sq ft, commenced construction on 17 February 2023. Meanwhile, the 120-acre green-certified, managed industrial precinct, known as the COMPASS Industrial & Logistics Park, caters to build-to-suit or customised warehouses and manufacturing lots. Rivertree Group has also launched its maiden industrial project, known as Esteem Business Park in Klang, with an expected GDV of RM180 million. The 2-phase project sits on a 4.06-hectare land and will offer 39 industrial units with innovative flexi-space and super-sized jumbo factory space. Phases 1 and 2 of the projects are targeted to be completed in 2025 and 2026 respectively.

Malaysia, home to some 47 data centres, continues to receive investments for data centres, driven by rapid hyper-scale investments and strong co-location demands. In 2023, it has emerged as one of the top destinations for data centre investments among the SEA-5 with approximately 570MW of IT capacity take-up (inclusive data centres that are in the pipeline). The supply of data centres in Malaysia is forecast to grow by average 15% per annum over the next five years with the potential to become a data centre infrastructure hub for Southeast Asia.

Cyberjaya, with affordable land prices, reliable power infrastructure and proximity to the capital city, has emerged as the key data centre hub serving the rest of Malaysia. Notable data centre players in Cyberjaya include Equinix – will be opening a new facility, known as KL1, in the first quarter of 2024 with an additional investment of more than RM462 million (USD100 million); Vantage Data Centers - has announced plans to invest an additional USD3 billion (circa RM13.32 billion) to build a second data centre mega campus, dubbed KUL2, on 35 acres of land; Gaw Capital and A3 Capital - joined forces to develop two greenfield sites with combined land area of 12,490 sq m (circa 134,441 sq ft) which will be managed by Infinaxis; and Time dotCom Berhad - entered into a strategic partnership with DigitalBridge Group, Inc. to expand its AIMS Data Centre Business across Asia with Time and Digital Bridge holding 30% and 70% stakes respectively for the main campus in Cyberjaya alongside a key retail data centre in Kuala Lumpur CBD.

NTT Global Data Centers Corporation has also launched its sixth data centre on its Cyberjaya campus – Cyberjaya 6 (“CBJ6”), with an investment of over RM234 million. DAMAC Group, a luxury real estate developer in the United Arab Emirates (“UAE”), is also eyeing a 1.2-hectare land in Cyberjaya to establish its data centre with an investment value of RM250 million, focusing on retail and enterprise customers.

In Johor, foreign data centre operators are actively setting-up their facilities in Johor Bahru. Sunway Construction Group Bhd has accepted the Letter of Initial Appointment with a contract sum of RM192.9 million from K2 Data Centres as an instruction to commence and complete the works for a new data centre in Sedenak Tech Park. Crescendo Corporation Bhd announced three proposed disposals involving lands in Nusa Cemerlang Industrial Park to ST Telemedia Global Data Centres, Yu Ao and Microsoft, to be developed with data centres. Meanwhile, Nvidia Corp, through collaboration with YTL Power International Bhd, is building an AI infrastructure, with the first phase of the data centre expected to commence operations by the middle of 2024.

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The sustained momentum of the industrial property market is expected to continue in the near term, supported by continual economic growth, better logistics infrastructure, an improving job market as well as the presence of favourable government policies and incentives. In line with the government's commitment to being pro-business, pro-investment and pro-trade, MITI and other relevant government agencies are prepared to enhance stronger ties with investors that bring in hi-tech and quality investments to help create better-paying jobs for Malaysians.

The completion of the West Coast Expressway ("WCE") by March 2025 and the East Coast Rail Link ("ECRL") by 2027 is anticipated to improve connectivity between industrial areas along these routes, boosting demand for logistics and warehouse space. In July 2023, MyHSR Corporation Sdn Bhd ("MyHSR Corp") initiated a Request For Information ("RFI") exercise to gather concept proposals for the Kuala Lumpur-Singapore high-speed rail (KL-Singapore HSR) project through a public-private partnership model, based on the Design-Finance-Build-Operate-Transfer ("DFBOT") model. By the submission deadline of 15 January 2024, MyHSR Corp received proposals from seven local and international consortia, comprising 31 firms. The revival of the KL-Singapore HSR is expected to drive economic development, create jobs and offer business opportunities across key centers and industrial parks in Peninsular Malaysia.

According to the World Competitiveness Ranking 2023 report, Malaysia was ranked 27 in the world's most competitive economies among 64 global economies, mainly backed by its economic recovery, investment growth and the employment market. This reflects that the regulatory environment in the country is conducive to the commencement and operation of a firm.

Multiple economic initiatives have also been unveiled to further drive the country's industrial sector. In the pursuit of a sustainable and prosperous future, the government has rolled out the National Energy Transition Roadmap ("NETR") with ten flagship catalyst projects covering six energy transition levers namely, energy efficiency ("EE"), renewable energy ("RE"), hydrogen, bioenergy, green mobility as well as carbon capture, utilisation and storage ("CCUS") in July 2023. These flagship projects are expected to attract investment of more than RM25 billion, create 23,000 job opportunities and reduce GHG emissions by more than 10,000 gigagrams CO₂ equivalent per year.

Another government initiative that was launched on 1 September 2023 is the New Industrial Master Plan 2030 ("NIMP 2030") which aims to attract new high-quality, high-tech and green-tech investments in Malaysia and ensure that the country remains at the forefront of the manufacturing sector. The goals of NIMP 2030 include increasing economic complexity, creating high-value job opportunities, extending domestic linkages, developing new & existing clusters, improving inclusivity and enhancing ESG (environmental, social and governance) practices. It is also expected to create opportunities for the country's SMEs (small and medium-sized enterprises) to grow in the manufacturing sector. The ESG elements are further emphasised in NIMP 2030 through the introduction of the four new growth areas, namely advanced materials, electric vehicles, renewable energy, as well as carbon capture, utilisation and storage ("CCUS").

The trajectory of ESG integration in Klang Valley's industrial real estate sector appears promising as we look ahead. The groundwork laid by the state government's progressive policies, burgeoning green initiatives, and increased corporate responsibility have set the stage for continued growth in sustainable development. The region's strategic location, coupled with a burgeoning demand for sustainable facilities, positions Klang Valley as a focal point for future ESG-led industrial investments. The integration of ESG principles must also be ingrained into the fabric of decision-making processes, investment strategies, and operational practices. By doing so, Klang Valley can not only enhance its reputation as a hub for sustainable industrial development but also contribute to Malaysia's broader goals of achieving a greener and more inclusive future.

With the emerging trend and growing awareness on ESG, more developers have introduced various forms of well-planned and professionally managed industrial developments that incorporate sustainable features/practices and advanced technology adoption such as agro-industrial park ("AIP"), eco-industrial park ("EIP") and smart industrial park ("SIP") to reduce carbon footprint and energy usage.

Sime Darby Property is planning to develop the 949 acres of land they acquired in Kapar into Bandar Bukit Raja IV (BBR 4), expanding the existing BBR 1, 2 & 3, with a focus on environmental and social responsibility. BBR 4 aims to offer a secure industrial development with waste management and value-added infrastructure. In addition, Elmina Business Park by Sime Darby Property, a 1,500-acre freehold master-planned industrial township located in Sungai Buloh which forms an integral part of the acclaimed City of Elmina project, will also feature a Managed Industrial Park zone that offers plots of land suitable for small and medium-sized industries, measuring between 1 and 3 acres.

On the other hand, the one-stop centre for investment-related matters, Invest Malaysia Facilitation Centre (“IMFC”) started its operations on 1 December 2023. Established by the MITI, it aims to expedite the processes of various approvals including providing advisory services as well as advice to the business community and investors. Besides its role in achieving the objectives of the NIMP 2030, IMFC will also contribute to efforts to make Malaysia a premier investor-friendly and business-friendly destination in the region.

Notable highlights in the National Budget 2024 which was tabled on 13 October 2023 include the allocation of up to 10% of the total NIMP investment (RM200 million) as a catalyst for a 2024 start-up fund to accelerate the NIMP mission; the allocation of funds up to RM1.5 billion by Government-Linked Companies (“GLCs”) and Government-Linked Investment Companies (“GLICs”) to encourage start-ups (including bumiputera SMEs) to venture into High-Growth, High-Value (“HGHV”) fields such as digital economy, space technology and Electrical & Electronics (“E&E”); and the allocation of RM50 million as a matching grant with the Port Klang Authority to maintain Jalan Port Klang while enforcing the overload limit on heavy vehicles. The government will also continue to improve and develop the implementation of the Corporate Green Power Programme to drive investment in renewable energy capacity to achieve the target of 70% renewable energy capacity by 2050.

Collectively, these federal and state initiatives and measures, such as First Selangor Plan 2021 – 2025 (“RS-1”), Integrated Development Region In South Selangor (“IDRISS”), NETR and NIMP 2030, aim to spur industrial growth in the near term and enhance the capacity of high-value and technology-advanced industries, positioning the country as the ideal destination for attracting domestic and foreign direct investments as well as empowering SMEs in driving the country’s economic growth.

Moving forward, the industrial sector is expected to continue growing, specifically in the prioritised industries and key growth areas - backed by normalisation of economic activities as well as the positive spill-over effects from continued improvement in external demand. The country is also committed to revive the economy with digitalisation and attract new high-quality, high-tech and green-tech investments. With the latest Malaysia strategic vision, the industrial environment will pivot and foster a conducive business landscape environment that will subsequently support economic growth with environmental and social responsibility.

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KEY REGULATORY DEVELOPMENTS IN 2023

The table below include a range of initiatives and regulations announced by the Malaysia government, with the aim to stimulate the property market and support low- and middle-income groups.

Initiatives/Regulations	Description
Residential	
Stamp Duty on Memorandum of Transfer	<p>Under Budget 2024, the government will impose a flat rate of 4.0% stamp duty on Memorandum of Transfer (“MOT”) for non-citizens and foreign-owned companies starting 1 January 2024. This will potentially help to control land and property prices for locals.</p> <p>A fixed stamp duty fee of RM10 will also be introduced to replace the previous variable rate for real estate transfer documents where beneficiaries are relinquishing their rights to eligible beneficiaries in accordance with a will, Faraid, or the Distribution Act 1958.</p>
Low-cost housing	The government has allocated RM2.5 billion under Budget 2024 for public housing projects (“PPRs”) in 2024 to boost homeownership, especially in the B40 category.
Housing Credit Guarantee Scheme (“HCGC”)	<p>The allocation for Housing Credit Guarantee Scheme will be doubled under Budget 2024, from RM5 billion in 2023 to RM10 billion in 2024. This allocation is expected to benefit 40,000 borrowers.</p> <p>The scheme was first announced under Budget 2022 to encourage homeownership and aims to help first-time home buyers of low/medium/affordable categories who do not have a fixed income, such as gig workers, independent business owners, and small traders or entrepreneurs.</p>
Electric Vehicle (“EV”)	<p>Several electric vehicle (“EV”) incentives were unveiled under Budget 2024 as part of Putrajaya’s initiatives to facilitate the energy transition process. The Federal Administration is planning to begin using electric vehicles as official vehicles. The Government also welcomes investment of more than RM170 million by leading companies such as TNB, Gentari and Tesla Malaysia to install 180 EV charging stations.</p> <p>Individual income tax relief of up to RM2,500 on expenses for EV charging facilities will be extended for a period of 4 years while tax deduction for EV rental costs will also be extended for a period of 2 years.</p> <p>The local government development ministry (“KPKT”) has also recently released a comprehensive set of guidelines for electric vehicle charging bays to facilitate the growth of EV market in the country.</p>
Retail	
Sales and Service Tax (“SST”) Rate Hike & Luxury Tax	The proposed Sales and Service Tax (“SST”) rate will increase from 6% to 8% effective 1 March 2024. This, coupled with the introduction of a 5% to 10% luxury tax and restructuring of subsidies, may dampen growth in the retail market and impact the entire supply chain. The rising operational costs of retailers will potentially lead to retail price adjustments, which ultimately impact consumers.
‘Payung Rahmah’ Initiative & Rahmah Cash Aid	<p>The government is allocating RM200 million for the ‘Payung Rahmah’ initiative under Budget 2024 in its commitment to ease the rising cost of living.</p> <p>The government will also continue to allocate Rahmah Cash Aid (“STR”), a cash assistance and incentives, to boost consumer spending, increasing 25% from RM8 billion in 2023 to RM10 billion in 2024.</p>

Initiatives/Regulations	Description
Industrial	
Integrated Development Region in South Selangor ("IDRISS")	<p>IDRISS is a post-pandemic initiative to stimulate the state economic growth through the integrated investment development by private developer, outlined in the First Selangor Plan 2021-2025 ("RS-1"), covering 20,000 hectares across Sepang and Kuala Langat districts with an expected gross development value of RM1 trillion.</p> <p>Five incentives were introduced at the IDRISS launch in March 2023 to drive development, including a special premium scheme, interest-free instalment payments for development charges, vacant land assessment tax exemption, a 50% discount in vacant building assessment tax and business license fee exemption. These incentives aim to motivate developers and landowners to take a more proactive stance in the development of vacant lands within these regions, which will eventually stimulate the economic activity of the region, providing more job opportunities.</p>
New Industrial Master Plan 2030 ("NIMP 2030")	<p>NIMP 2030 was launched on 1 September 2023. It aims to attract new high-quality, high-tech and green-tech investments in Malaysia and ensure that the country remains at the forefront of the manufacturing sector. The goals of this master plan include increasing economic complexity, creating high-value job opportunities, extending domestic linkages, developing new & existing clusters, improving inclusivity and enhancing ESG practices. It is also expected to create opportunities for the country's SMEs (small and medium-sized enterprises) to grow in the manufacturing sector.</p> <p>The ESG elements are further emphasised in NIMP 2030 through the introduction of the four new growth areas, namely advanced materials, electric vehicles, renewable energy, as well as carbon capture, utilisation and storage.</p> <p>Under Budget 2024, there will also be an allocation of up to 10% of the total NIMP investment as a catalyst to drive NIMP mission with an initial fund of RM200 million in 2024.</p>
National Energy Transition Roadmap ("NETR")	<p>NETR is rolled out in July 2023 with ten flagship catalyst projects covering six energy transition levers namely, energy efficiency, renewable energy, hydrogen, bioenergy, green mobility as well as carbon capture, utilisation and storage. These flagship projects are expected to attract investment of more than RM25 billion, create 23,000 job opportunities and reduce GHG emissions by more than 10,000 gigagrams CO2 equivalent per year.</p>
Corporate Green Power Programme	<p>The government will continue to improve and develop the implementation of the Corporate Green Power Programme to drive investment in renewable energy capacity in order to achieve the target of 70% renewable energy capacity by 2050.</p>
National Digital Infrastructure Plan ("JENDELA") Phase 2	<p>Under the JENDELA Phase 2 project, the Government will provide 100% internet coverage in populated areas and provide fibre optic coverage to 9 million premises nationwide by 2025. For 2023, the JENDELA project has allocated RM700 million to implement digital connectivity to 47 industrial areas.</p>
Invest Malaysia Facilitation Centre ("IMFC")	<p>MITI established IMFC on 1 December 2023 to act as a one-stop centre for investment-related matters and expedite the processes of various approvals including providing advisory services as well as advice to the business community and investors. Besides its role in achieving the objectives of the NIMP 2030, IMFC will also contribute to efforts in making Malaysia a premier investor-friendly and business-friendly destination in the region.</p>
Other initiatives under Budget 2024	<p>There will be an allocation of funds up to RM1.5 billion by Government-Linked Companies ("GLCs") and Government-Linked Investment Companies ("GLICs") to encourage start-ups (including bumiputera SMEs) to venture into High-Growth, High-Value ("HGHV") fields such as digital economy, space technology and electrical & electronics ("E&E").</p> <p>The government will also allocate RM50 million as a matching grant with the Port Klang Authority to maintain Jalan Port Klang while enforcing the overload limit on heavy vehicles.</p>

STRATEGIC REVIEW

Operating Landscape

Market Review and Outlook

LONDON PROPERTY MARKET OUTLOOK

ECONOMIC OVERVIEW

In 4Q 2023, The United Kingdom's ("UK") GDP fell by 0.2% y-o-y and 0.3% q-o-q. The UK GDP had grown modestly in the previous quarters where the GDP grew at 0.3% y-o-y in the first two quarters of the year and 0.2% in 3Q 2023.

The UK's annual inflation rose by 4.2% in 2023. On a monthly basis, inflation fell by 0.6% in January 2024, the same rate as in January 2023. The largest upward contribution came from housing and household services (principally higher gas and electricity charges), while the largest downward contribution came from furniture and household goods and food and non-alcoholic beverages.

The Bank of England's Monetary Policy Committee ("MPC") announced on 14 December 2023 that the interest rate will remain unchanged at 5.25%. The monetary policy is likely to be kept high for a period of time in the effort to pull the inflation rate back to the 2% target by 2025. However, the MPC noted that the inflation persistence remained elevated and further tightening in monetary policy may be required if the environment persists.

According to the Bank of England Monetary Policy Report, the UK's GDP is expected to grow by just 0.1% in Q4 2023, while the CPI is expected to average around 4.75% in Q4 2023, before dropping to around 4.5% in Q1 2024 and 3.75% in the second quarter of 2024 - accounted for by lower energy, core goods and food price inflation as well as, beyond January, by some fall in services inflation.

As UK approached the fourth anniversary of its official departure from the European Union, the impact on the economy was better accessed. According to the National Institute of Economic and Social Research, the UK has experienced slower economic growth following the global financial crisis and its exit from the European Union with estimates suggesting that the real income and private consumption per capita could have been 8% to 9% and 11% to 12% higher than current figures. The estimates further suggest that three years after the transition period, UK real GDP is some 2% to 3% lower due to Brexit, compared to a scenario where the UK retained EU membership, largely due to the reduction in real incomes resulting from the fall in the UK terms of trade associated with changes in trading relations with the European Union and the fall in productivity.

A report by Cambridge Econometrics commissioned for City Hall by London's mayor also estimated that UK output, investment, exports, imports, employment and productivity would be lower than if the UK had remained in the EU. By 2035, the output is expected to be 10.1% lower in the UK and 7.5% lower in London; investment in the UK is projected to be more than 32% lower while the export and import volumes is estimated to be 5% and 16% lower respectively.

PROPERTY MARKET OVERVIEW

RESIDENTIAL

HM Land Registry reports that the average house price in the UK experienced a y-o-y decrease of 1.4%, settling at £285,000 in December 2023. This represents a smaller decline compared to the 2.3% decrease observed in November 2023. England followed a similar trajectory, with average house prices falling by 2.1% over the 12 months to December 2023, reaching £302,000. The London region, however, registered the most significant drop, with prices declining by 4.8% y-o-y in December 2023. UK prime country house prices declined by 5.8% in 2023. While this represented a sizable correction after two stellar years of growth, the rate of decline was less than the forecast of -7% for the year. Although the Bank of England opted to hold interest rates at 5.25% in December, the cost of borrowing remains at a 15-year high, which has put downward pressure on house prices and hindered the recovery of prices and sales volumes. However, as the economy stabilises and interest rates start to fall, the UK prime country house price is expected to moderate to -3% in 2024, with positive annual price growth projected to return in 2025. It is also expected that housing prices will recover, with predictions of a stable price movement in Prime Central London and a 1.0% increase in Prime Outer London in 2024.

OFFICE

The post-pandemic recovery in the London office market gathered pace last quarter as the volume of lettings rose to the highest level in five years. The key driver of performance remains the occupier taking flight to better quality offices, illustrated by a record level of new and refurbished take-up at 2.59 million sq ft and representing 66% of all lettings. Take-up across London rose by 31.7% in 4Q 2023 to 3.92 million sq ft, a five-year high and 32% above the quarterly long-term trend. Strong lettings were evident across the market, with above trend take-up in half of London's submarkets. The core submarkets of the City Core and the West End Core remain the locations with the highest level of lettings – accounting for circa 55% of all lettings in 4Q 2023 compared with almost 60% in 3Q 2023. The City Core prime rents have risen from £77.50 to £87.50 per sq ft and from £140 to £150 per sq ft in the West End Core. Since the pandemic, there's been an increase in top-tier office transactions with rents significantly surpassing the average prime market rent. Analysis of these transactions led to a re-evaluation of how prime rents are determined, focusing now on sustainability, amenities, and central locations. Consequently, prime rents in most submarkets have increased, with the City Core rising from £77.50 to £87.50 per sq ft and the West End Core from £140 to £150 per sq ft.

RETAIL

The improving economic backdrop in the UK made for a relatively stable quarter, marked by rising consumer sentiment, record-low occupier fallout, and a fairly steady flow of investment deals, despite debt constraints. Growing consumer confidence, strong occupier performance and enhanced investor trust seemingly position the sector well for a promising transition into 2024. 4Q 2023 retail sale grew steadily at 3.9%, but worryingly decelerated slightly versus 3Q 2023 (5.3%). More encouragingly, volume declines (-1.4%) improved, as inflation receded. Nevertheless, full year 2023 grew by an impressive 5.1%, surpassing the 10-year average of 3.5%. Vacancy rates decreased to 15.3% with improvements witnessed in shopping centres (17.7%) and retail parks (7.6%).

STRATEGIC REVIEW

Operating Landscape

Global Megatrends & Opportunities

Acknowledging the ever-changing nature of our operational environment, we prioritise staying informed about global megatrends and opportunities. This proactive stance allows us to discern emerging trends, anticipate forthcoming challenges and seize fresh opportunities. By vigilantly monitoring external trends, we can adjust our strategies, operations and offerings to align with evolving societal needs, while simultaneously minimising risks and optimising long-term value creation.



ECONOMIC GROWTH

IDENTIFYING REGIONAL AND NATIONAL TRENDS

Asia remains the world's fastest-growing region, contributing nearly 70% of global growth in 2023, with China and India alone accounting for half of this growth. The GDP growth in the Asia-Pacific region expanded from 3.8% in 2022 to 4.6% in 2023¹, outperforming the estimated 3% average global growth during the same period.

Looking ahead to 2024, Asia Pacific GDP growth is projected to slow to 3.5% from the previous year's 4.3%². Consequently, we anticipate a moderation in the expansion activities of logistics occupiers as they scrutinise real estate plans and capital expenditure more closely to safeguard their bottom line. This trend is expected to lead to a rise in lease renewals and an increase in sublease spaces as ongoing development projects reach completion. However, the latter half of 2024 may witness an upturn in investment activity due to re-pricing and interest rate cuts. Demand is anticipated to be driven by high-net-worth buyers, cash-rich investors, and corporates seeking high-quality assets.

IMPACT

In 2023, Malaysia's economic growth moderated to 3.7%³ amidst challenging global conditions. However, the ongoing recovery in economic activity and labour market conditions suggests a positive outlook, supported by Malaysia's resilient external position. The nation's GDP is projected to expand in 2024, driven by growth in domestic spending, bolstered by sustained employment and wage increases, and improved external demand, with global trade expected to rebound from 0.4% in 2023 to 3.3% in 2024, as per International Monetary Fund projections. Investment momentum will be sustained by the progress of multi-year projects in both the private and public sectors, alongside the implementation of strategic initiatives outlined in national master plans.

Turning to the real estate sector, the industrial property market in the Klang Valley saw a decrease in transactions in the first nine months of 2023, with 2,032 transactions totaling RM8.6 billion⁴. However, the average transaction price per industrial property increased by 12.7% compared to 2022, reaching RM4.3 million, indicating a shift towards higher-value transactions. Infrastructure developments, including the anticipated completion of three new sections of the West Coast Expressway by March 2024, are expected to drive increased industrial activity in 2024. Furthermore, the completion of the East Coast Rail Link by 2027 is poised to enhance connectivity between industrial areas along the route, stimulating demand for logistics and warehouse spaces in the long run.

OUR RESPONSE

- Surpassed our sales target for FY2023 of RM2.7 billion to RM3.3 billion, demonstrating robust market performance and strong demand for its offerings.
- Portfolio expansion includes launches amounting to RM4.0 billion, comprising a diversified mix of residential units, including landed properties, high-rise developments, and industrial projects, catering to various market segments.
- Successfully completed the acquisition of 949 acres of prime land in Sungai Kapar (BBR4), laying the foundation for the development of a future ESG industrial park. This strategic move aligns with our commitment to sustainable development practices and underscores our vision which align with the national & regional trends.
- Secured commitment for the remaining 30% or RM300.0 million for the Industrial Development ("IDF-1") to close the fund at RM1.0 billion, signaling confidence and support from investors in our infrastructure initiatives aimed at enhancing connectivity and livability within our developments.
- Continue our momentum in developing key industrial townships while providing end-to-end solutions across an array of customers ranging from SMEs to MNCs.
- In line with our commitment to addressing housing affordability, Sime Darby Property has signed a JV with Lagenda Properties Berhad to focus on providing quality homes at various price points, ensuring accessibility to homeownership for a diverse range of income groups.

References:

1. *Asia Likely to See Dynamic Economic Growth, but With Policy Challenges*, International Monetary Fund, 13 April 2023
2. *Asia Pacific Real Estate Market Outlook 2024*, CBRE, 31 January 2024
3. *Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023*, BNM, February Feb 2024
4. *Malaysia Real Estate Highlights - 2H 2023*, Knight Frank Research



URBANISATION

ADDRESSING THE NEED FOR SUSTAINABLE URBAN PLANNING

Urbanisation remains a significant trend in the Asia-Pacific region, with over half of the global urban population, more than 2.2 billion people, residing in Asia. By 2050, it is projected that the urban population in Asia will increase by 50%⁵, adding approximately 1.2 billion people.

Malaysia stands out as one of the most urbanised countries in East Asia and among the fastest urbanising regions worldwide. Over the past decade, Malaysia's urban population has risen from around 66% in 2004 to 74% in 2014⁶. This trend is expected to continue as rural residents migrate to urban areas, attracted by economic opportunities as the economy shifts from agriculture to industry and services. Despite Malaysia's urbanisation, its urban areas have lower population density compared to typical East Asian cities, presenting both opportunities and challenges for sustainable development.

IMPACT

Urbanisation, when properly planned and managed, has the potential to elevate living standards and boost economic productivity. However, in many cases, it has resulted in congestion and widened disparities between different socioeconomic groups, leading to security, health and environmental challenges. As cities become more densely populated, the loss of green spaces exacerbates climate change, while the growing population strains water resources, increases the risk of floods and worsens pollution. Moreover, urban expansion encroaches upon natural habitats, further threatening biodiversity.

It is imperative for the industry to reconsider urban planning and design approaches, emphasising the integration of sustainability principles. This includes incorporating green spaces and flood mitigation measures into development blueprints, while also fostering social cohesion within communities.

OUR RESPONSE

- Expanding our reach beyond the Greater Klang Valley, including regions like Negeri Sembilan and Johor.
- Enhancing mobility through Transit-Oriented Developments ("TOD"), exemplified by launches such as Serasi Residences in Putra Heights, Hype Residences in Subang Jaya.
- Integrating flexible home features such as open-plan layouts, allowing residents to tailor spaces to their preferences, and fostering greater connection with the outdoors through internal gardens, balconies, and back gardens.
- Innovating with Nature-based Solutions, such as the Elmina Central Park in the City of Elmina, which doubles as a flood mitigation initiative capable of accommodating Q100-Q1000 flood events.
- Championing sustainable living initiatives like urban farming in City of Elmina and Serenia City.
- Enhancing our provision of lifestyle amenities, such as retail offerings (e.g., neighbourhood malls and shopping complexes), recreational spaces and placemaking areas (e.g., The Courts at KLGCC Resort, KL East Park), and educational facilities (e.g., KYS KL East International School).

References:

5. *Urbanisation in Asia and the Pacific Region: Building inclusive & sustainable cities*, Unhabitat.org
6. *Urbanisation in Malaysia 2022*, Statista – Aaron O'Neill, 26 January 2024

STRATEGIC REVIEW

Operating Landscape

Global Megatrends & Opportunities



SHIFTING DEMOGRAPHICS

RECOGNISING EVOLVING SOCIETAL EXPECTATIONS

The global human population surged to 8.0 billion in mid-November 2022, up from an estimated 2.5 billion in 1950. This marks an addition of 1 billion people since 2010 and 2 billion since 1998⁷. Projections indicate that the world's population is set to expand by nearly 2 billion individuals over the next 30 years, reaching 9.7 billion by 2050, with a potential peak at nearly 10.4 billion in the mid-2080s.

This remarkable growth has been primarily propelled by increasing survival rates to reproductive age, a gradual rise in human longevity, growing urbanisation, and accelerated migration. Significant changes in fertility rates have accompanied this expansion. These trends are poised to have profound and far-reaching implications for future generations, reshaping population demographics and presenting new challenges and opportunities for societies worldwide.

IMPACT

Changing demographics are precipitating a transformation in living arrangements, as individuals opt to prolong their working years prior to retirement to bolster financial stability. Moreover, there is a growing trend of adults opting to reside with elderly parents to provide care and support. Meanwhile, millennials are faced with decisions regarding their living arrangements, with some choosing to remain in multi-generational households for economic reasons, while others seek smaller living spaces to assert their independence. Property developers must adapt to these evolving preferences by diversifying their offerings to cater to distinct segments of the market.

OUR RESPONSE

- Evolving placemaking initiatives across all townships, considering local community demographics, socioeconomic needs and environmental sustainability.
- Integrating multi-generational features into our product offerings, such as incorporating designs that accommodate wheelchair access.
- Providing configurable layouts, enabling seamless adaptation of living spaces to meet diverse lifestyle needs.
- Promoting inclusivity by launching Malaysia's first Inclusive Playground, designed in collaboration with UNICEF, catering to differently abled children at the City of Elmina.
- Developing sustainable townships like the City of Elmina's Central Park, featuring active lifestyle amenities, and Serenia City's urban farming initiatives, alongside private garden spaces.
- Enhancing the customer experience through digital platforms like our Virtual Sales Gallery and Online Booking System ("OBS"), facilitating convenient transactions and interactions.

References:

7. *Our Growing Population, United Nations Website*



DIGITALISATION, TECHNOLOGY & INNOVATION

EMBRACING TOOLS THAT ENHANCE SUSTAINABILITY, EFFICIENCY AND THE CUSTOMER EXPERIENCE

Digitalisation is boosting efficiencies across all industries through data collection, mining, and analysis. While many organisations had already embarked on the digitalisation journey before COVID-19, the pandemic hastened the process, aiming to facilitate access to and sharing of information among individuals unable to meet physically. Thanks to the rapid rise of digital technologies, today's systems are more interconnected, intelligent, efficient, reliable, and sustainable. They empower us to accelerate speed, drive innovation, and foster agility across functions. Moreover, they facilitate more effective connections and engagements with customers.

IMPACT

Digital technologies are revolutionising the real estate sector, rendering the entire ecosystem more efficient by facilitating the seamless flow of information among property developers, homeowners, real estate agents, brokerages, bankers, and others. By harnessing the latest technologies, developers can markedly improve efficiencies in project execution, engage potential customers more effectively (through 3D virtual tours, AR & VR), and transact with various stakeholders using smart contracts, customer relationship management ("CRM") systems, property management apps, and alternative payment methods, among others.

OUR RESPONSE

- Implementation of EV Charging Stations at our corporate headquarters ("HQ"), The PARC @ Taman Subang Ria, KLGCC, and other internal assets.
- Standardising our manufacturing approach, enhancing health, safety and environmental ("HSE") performance, productivity, and quality, while simultaneously reducing lead time, defects and costs.
- Implementing the Industrialised Building System ("IBS") across township and integrated developments to achieve targeted IBS scores, enhancing environmental sustainability, product quality, productivity and safety.
- Collaborating with AmBank Group to introduce a digital green financing solution for homebuyers.
- Introducing a Smart Service Desk System using Information Technology Service Management ("ITSM") to address internal IT issues and handle IT inquiries.
- Developing an in-house Virtual Sales Gallery and OBS.
- Expanding the utilisation of Procore, a software that integrates data from all project management stakeholders.
- Launched Concept Home 2030 as a platform for industry experts and consumers to exchange innovative solutions and redefine future home design and construction.
- Integrating financiers into the Group's OBS to enhance the property buying experience, including loan application and approval processes, with Maybank engaged as a pilot partner in 2023.
- Implementing Standardisation of Builds as the initial phase towards Modular Homes, achieving approximately 70% adoption at the design and review stage across Double-Storey Linked Homes products in 2023.

STRATEGIC REVIEW

Operating Landscape

Global Megatrends & Opportunities



GROWING EMPHASIS ON ESG MATTER

TACKLING HEIGHTENED STAKEHOLDER EXPECTATIONS

With the undeniable reality of climate change looming larger, there's a growing recognition that corporations must actively address, not only on environmental concerns, but also social and governance issues. As governments enact ESG-related policies, investors increasingly favour companies demonstrating robust ESG values and a commitment to workplace safety and sustainability. Such firms are deemed better equipped to navigate risks associated with climate change, human rights, and labour disputes. ESG considerations are now pivotal in various spheres, extending as far as influencing youth career choices and consumer preferences for brands that align with their values.

IMPACT

In the property sector, stakeholders increasingly demand environmentally and socially responsible developments, led by firms exhibiting robust corporate governance. Expectations include reducing carbon footprints through energy-efficient construction technologies, incorporating sustainable materials and designs for eco-friendly properties, infusing the use of renewable energy and fostering social cohesion and inclusivity. Moreover, there are expectations from government regulators to support national policies related to sustainable development and the energy transition, further emphasising the importance of proactive environmental stewardship within the property development sector.

OUR RESPONSE

- Actively reducing operational carbon through energy efficiency programmes and incorporating sustainability and green elements in our developments via a minimum sustainability element checklist, seeking to future-proof communities and implement green spaces as sanctuaries for people and wildlife.
- Developing a comprehensive carbon reduction roadmap that encompasses Scope 3 emissions and studying embodied carbon to identify opportunities for reduction in a typical double-storey linked house.
- Establishing a Sustainability Sukuk Framework based on ASEAN Sustainability Sukuk SRI principles to fund projects aligning with sustainability criteria.
- Implementing a Total Waste Management Programme at KL East Mall, mandating waste separation by retail and F&B tenants to promote recycling, along with ongoing community engagement with NGOs to raise awareness of waste recycling initiatives.
- Enhancing social inclusivity with Malaysia's inaugural Inclusive Playground at the City of Elmina in collaboration with UNICEF.
- Introducing a Safety & Sustainability Practitioner Playbook, including manuals and guides, to standardise safety and sustainability practices across business units.
- Facilitating Leadership Engagement Action Programme ("LEAP") sessions with vendors, contractors, and site workers to ensure compliance with safety standards.
- Continuously improving disclosures in line with Task Force on Climate Related Financial Disclosures ("TCFD") guidelines and collaborating with stakeholders to develop and implement innovative solutions for climate resilience.
- Spearheading rooftop solar initiatives at residential projects, such as the City of Elmina, in alignment with the NETR, while exploring innovative renewable energy solutions to reduce reliance on fossil fuels and advance towards low-carbon real estate.
- Developing and connecting ecological corridors to support biodiversity and ecosystem health in urban areas, while reimagining spaces for sustainability through strategic park development.
- Managing wetlands for flood mitigation and preserving secondary forest areas to enhance urban biodiversity and community well-being.

STRATEGIC REVIEW

Key Risks and Mitigation

The Group operates within a dynamic macroeconomic landscape, with the operating environment in FY2023 featuring challenges such as a still-recovering post-pandemic economy, inflationary pressures and tightening of monetary conditions. Geoeconomic fragmentation further strained the supply chain, resulting in elevated construction costs impacting margins for all new product launches.

Amidst these external risks and challenges, we showcased resilience and agility to deliver strong results for the past twelve months. Guided by the Group's Enterprise Risk Management Framework, our leadership and management teams closely monitored the macroeconomic climate and local operating conditions, adjusting our execution strategy where needed to ensure we remained on track towards our financial and non-financial targets. For more details on the key features of the Group's Enterprise Risk Management Framework, please read our Statement on Risk Management and Internal Control on page 250.

Despite leveraging on risk management framework and practices, the Group acknowledges that it cannot fully mitigate all key risks, recognising some inherent global and industry risks as beyond our control. However, the Group remains committed to monitoring and minimising the potential impact of these risks, aligning them with our risk appetite.

For the year under review, we identified eleven (11) broad key risks with the potential to impact the Group's operations or performance. A description of these risks and their impact on value creation, along with the mitigation measures undertaken for each risk category, are outlined below:

STRATEGIC REVIEW

Key Risks and Mitigation

MARKET RISK

Risk Trend 

Risk Description

Macroeconomic factors may impact key aspects of our operations, including our sales, construction and leasing activities. These include factors such as a continually subdued property market, tightening loan conditions, a shortage of skilled labour, an increase in cost of borrowing and, other supply chain disruptions that may result in higher construction materials costs. This may strain our profitability and liquidity position impeding the achievement of our growth strategy and financial targets.

Impact on Value

Diminishing financial capital due to:

- Poor Group performance and returns on investment;
- Unsold stocks;
- Potential delay in delivery of products to customers which may result in liquidated ascertained damages ("LAD") payable to customers;
- Poor product quality;
- Prolonged deferment or delayed launches leading to weak product pipeline;
- Insufficient operational cash flow to fund projects; and
- Tight capital market conditions for customers to obtain financing and for the Group to raise funds.

Mitigation Strategies

- Continuously assessed and realigned strategy to market conditions and requirements;
- Closely monitored performance across core business units, including active profit & loss and cash management, while sufficiently maintaining funding facilities;
- Launched products that are compelling and relevant to target market, featuring the right price points and a strong value proposition;
- Detailed scrutiny, evaluation and monitoring of contractors' delivery capabilities and labour availability during the tender and delivery stage;
- Sized the market potential, and leveraged market intelligence on product and service offerings for similar or comparable developments to support product viability assessments prior to launch;
- Introduced sales offers and innovative packages for new products, leveraging our strong brand name and track record;
- Continued to leverage technology and digital platforms to provide customers with a seamless end-to-end purchasing journey;
- Continued to monitor the impact of increased interest rates on the take-up of the Group's products and profit margins as well as impacts to our leasing and capital transaction activities, taking necessary actions to reduce this impact, where required.
- Continued to provide affordable housing design and packages; and
- Redefined our segmented approach and undertook a pricing review for unsold stocks, where required.

Links



Capitals

Material Matters



Strategy



Stakeholders



RISK TREND  Increased  Decreased  Stable

DEVELOPMENT AND PRODUCT STRATEGY

Risk Trend 

Risk Description

Ineffective portfolio development and project implementation in terms of pricing, costs and timing to the market may result in the delivery of low-demand products to the market. This has the potential to impact our revenue, profitability and financial capital.

Impact on Value

Diminishing financial capital due to:

- Poor take-up rate of products resulting in higher holding costs;
- Low profit margin or losses incurred on products;
- Loss of market share; and
- Low returns on capital due to diminished demand.

Mitigation Strategies

- Conducted rigorous review and market research to develop a business case for each new product;
- Monitored the implementation of a 'check and balance' approach when aligning and embedding strategies along the product supply chain;
- Implemented design-to-cost principles for products to ensure target margins are protected;
- Extended strategic sourcing initiatives to reduce product cost;
- Continued with the Variation of Price ("VOP") clause in tender requirements to manage price fluctuations of key construction materials. The VOP was designed to assist contractors in protecting their operational viability against price fluctuations;
- Performed Value Engineering to ensure cost optimisation for newly launched products;
- Reviewed and revised the Annual Operating Plan ("AOP"), where required, to address market changes;
- Monitored sales and leasing performance, and altered project and product parameters to suit market conditions where required (e.g. shrinking built-up areas to reduce the absolute price or minimising speculative builds);
- Strategically source construction materials to manage escalation of raw material prices, where possible;
- Performed market studies to understand market demand for sustainability elements in new products;
- Incorporated sustainable product elements in design considerations, including options such as hybrid construction; and
- Continued to monitor product mix to ensure balanced product diversification for both residential and industrial products.

Links	Capitals	Material Matters	Strategy	Stakeholders
				

STRATEGIC REVIEW

Key Risks and Mitigation

PROJECT DEVELOPMENT & EXECUTION

Risk Trend

Risk Description

Development projects that are not delivered on time, or which do not achieve projected returns or expectations of product quality, risk impacting our financial position and reputation.

Impact on Value

Diminishing financial capital and compromised intellectual capital due to:

- Additional cost for rectification/replacement, compensation, settlement, overruns and/or LAD;
- Poor product quality and late delivery of products;
- Potential expenses from claims, disputes or legal action from purchasers; and
- Potential reputational damage.

Mitigation Strategies

- Continued to enlarge our pool of competent and experienced consultants and contractors, backed by good track records, to support project requirements, based on a pre-qualified and pre-approved set of criteria;
- Continued to appoint preferred contractors with existing skilled workers, recycling their expertise into projects within the same geographical location;
- Assigned dedicated and experienced project teams to monitor project performance and coordinate with key stakeholders;
- Undertook continuous engagement with contractors to ensure appropriate actions are taken to mitigate any delay in the delivery of projects;
- Identified key materials facing supply disruptions and worked with vendors and contractors on supply chain alternatives, if required, to minimise the disruption to projects;
- Monitored on-site labour supply closely and worked with contractors and industry associations to resolve labour supply and shortage issue;
- Increased the frequency and timeliness of quality audits and inspections at various stages of construction;
- Improved project management, cost control and procurement processes;
- Improved procurement processes and resources to ensure tenders, appointments and payments to contractors are made in a timely manner;
- Monitored and tracked the status of defect claims by purchasers to ensure timely closure;
- Engaged and obtained Letter of Undertaking from contractors for the number of workers to be deployed during the Defect Liability Period ("DLP"); and
- Implementation of a "We Fix Team" to expediate the defect rectification process for all newly handed over projects.

Links



Capitals

Material Matters



Strategy



Stakeholders



SAFETY & HEALTH

Risk Trend

Risk Description

Major safety, health and/or environmental breaches at our workplace or project sites may impact our operations, financial performance, reputation and the well-being of our people.

Impact on Value

Diminishing financial capital, compromised intellectual capital and loss of human capital due to:

- Decline in productivity and performance due to accidents, injuries and casualties;
- Significant penalties or disruptive stopwork orders imposed by authorities;
- Potential environmental harm and additional costs arising from possible claims and litigation; and
- Potential reputational damage.

Mitigation Strategies

- Continued undertaking top management and Board of Directors site visits to engage staff, contractors and workers on Health, Safety, Security and Environment (“HSSE”) matters;
- Implemented an ESG Playbook to provide clarity on how to execute the Group’s HSSE Policies and Plan;
- Worked with contractor organisations to improve performance across our Reporting Culture, Hygiene at Worker Quarters and Work at Height practices;
- Developed Occupational Safety and Health in Construction Industry (Management) (“OSHCIM”) Framework to provide guidance to project teams and consultants in incorporating safety considerations at the design stage;
- Incorporated one (1) KPI into the Group 2023 Scorecard on Safety Observation (“SO”) to promote an injury reporting culture;
- Incorporated one (1) KPI into Chief Operating Officer’s 2023 scorecard on compliance towards providing basic PPE requirements;
- Enhancement of HSSE risk management by introducing BOWTIE risk assessment methodology for high-risk activities;
- Continued to manage ESH risks through:
 - HSSE policy and ESH procedures;
 - Trainings and campaigns such as Safety Day, Work at Height, Toolbox Talks and Taiso;
 - Reviewing and updating ESH requirements within contracts and development project plans;
 - Unscheduled and scheduled HSSE inspections and related reporting; and
- Providing employees with mental health and well-being support through digital service platform Jalinan Nurani, where employees can access certified health coaches and various resources to better manage their mental, physical and financial well-being.

Links



Capitals

Material Matters



Strategy



Stakeholders



STRATEGIC REVIEW

Key Risks and Mitigation

CYBERSECURITY

Risk Trend 

Risk Description

Infrastructure and systems failure incidents, along with loss of data due to cyber-attacks, have the potential to cripple our core systems and controls.

Impact on Value

Compromised manufactured and intellectual capitals and diminishing financial capital due to:

- Business disruption;
- Loss of valuable business data and stakeholder trust;
- Penalties or fines by authorities and/or legal action by third parties; and
- Potential reputational damage.

Mitigation Strategies

- Deployed various infrastructure security protection solutions and an Intrusion Prevention System to manage Internet/web security;
- Conducted annual Security Posture Assessment ("SPA") and Vulnerability Assessment ("VA") to evaluate the robustness of our IT infrastructure and systems;
- Implemented Multi-Factor Authentication ("MFA") for all applications, systems and VPN to avoid/prevent unauthorised access to our internal system;
- Implemented Deep Security through Virtual Patching to ensure all vulnerabilities of applications and infrastructure are patched before any damage is done, while ensuring patch management is updated and in place for continuous management of end point clients;
- Implemented Advanced Persistent Threat ("APT"), Privilege Access Management ("PAMA") and Identity Access Management ("IAM") solutions to detect and prevent targeted attacks;
- Utilised multi-layer infrastructure security protection solutions (such as web application firewall, multi-tiered firewall, anti-spam/virus, security operations centre) to prevent malicious threats to our corporate network, data centres and personal computers;
- Utilised Unified Threat Management ("UTM"), Internet/Web Security, and Security Event Manager tools to monitor, prevent and resolve security incidents;
- Continued our monitoring of new and potential threats that emerge in the cybersphere through our round-the-clock Security Operations Centre ("SOC");
- Hardened network by blocking lateral movements between servers or devices;
- Continued to promote cybersecurity awareness across the organisation to prevent employee-related security breaches and potential vulnerabilities;
- Conducted cybersecurity e-learning and e-assessment to provide cybersecurity awareness to employees across the organisation, equipping them with cybersecurity knowledge and insights into potential vulnerabilities, while specifying guidelines on how to recognise and respond to cyber threats;
- Implemented and monitored the completion of cybersecurity improvement programmes and activities that had been identified as part of the Cybersecurity Maturity Assessment exercise;
- Sought continuous improvement within the strategies of our Cybersecurity Strategic Roadmap and Framework;
- Implemented DevSecOps (development, security, and operations) to ensure all applications and systems are tested and vetted by EAGRC (for Governance, Risk and Compliance requirements) before being moved to the production environment; and
- Implemented a three-year Cybersecurity Framework as per Control Objectives for Information and Related Technologies ("COBIT"), ISO27001: Information Security Standard, Payment Card Industry Data Security Standard ("PCIDSS") & National Institute of Standards and Technology ("NIST") Framework.

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JOINT VENTURES, COLLABORATIONS AND STRATEGIC PARTNERSHIPS

Risk Trend

Risk Description

Our financial position and reputation may be impacted by misaligned investment objectives or interests, lower than expected returns from collaborative investments, a weak joint venture (“JV”) management team or disagreements with our JV partners.

Impact on Value

Diminishing financial capital, compromised intellectual capital, and deteriorating human capital due to:

- Lower than expected returns on investment;
- Additional capital requirements to sustain JV operations/businesses;
- Potential litigation arising from claims/disputes; and
- Potential reputational damage.

Mitigation Strategies

- Conducted robust assessments and due diligence on potential JV partners prior to entering into the JV partnerships;
- Obtained sufficient external expert advice in structuring the terms of JV partnership to safeguard the Group’s rights and interest;
- Active engagement in the set-up of the JV, including when devising board/shareholders’ reserved matters, aligning roles and responsibilities of JV partners, and preparing of business plans, human resources requirements, governance structures, key operating guiding policies, procedures, and delegated authority limits;
- Tracked and closely monitored the performance of JVs through periodic reporting/audits and ensuring the Group’s representation on the Board/development committee/management of the JV Company; and
- Continued robust engagement with JV partners, ensuring that the objectives of the JVs are being achieved while mitigating and minimising potential disagreements.

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STRATEGIC REVIEW

Key Risks and Mitigation

TALENT AND RESOURCE MANAGEMENT

Risk Trend 

Risk Description

An inability to attract and retain proficient industry talents to effectively execute business strategies has the potential to impact our ability to meet sustainable growth objectives.

Impact on Value

Deteriorating human capital due to:

- Lack of internal skills and competencies needed to implement the Group's strategies and deliver expected levels of performance;
- Misaligned performance outcomes, measurements and targets; and
- Loss of key talents.

Mitigation Strategies

- Implemented Total Rewards Framework to attract and retain competent talents;
- Periodically reviewed the competitiveness of our remuneration packages against industry benchmarks;
- Reviewed succession plans to strengthen leadership bench strength, fast tracking high-potential talents and creating stretched development opportunities for competent performers;
- Adopted a clear strategy cascade, setting targets and a performance management system in place to drive progress;
- Reviewed competency and training gaps, providing continuous training and support to build key expertise under major growth areas;
- Established individual development plans ("IDPs") to build up and enhance the skills and competencies of identified successors or talents;
- Implemented an Employee Mobility Framework to encourage cross pollination and provide visible career enhancement opportunities for employees;
- Implemented the recruitment of young talents and retention strategies;
- Leverage on technology to improve efficiency in managing HR-related matters through our HR On Cloud ("HROC") digital platform;
- Implemented initiatives to instil a highly engaged culture across the organisation; and
- Continued to communicate with employees, ensuring they remain engaged and aligned with the company's direction.

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LEGAL/REGULATORY AND CONTRACTUAL COMPLIANCE

Risk Trend

Risk Description

Our performance may be impacted by non-compliance with local or international laws, industry regulations or contractual obligations. Risk factors include:

- Complex and voluminous laws/regulations;
- A lack of awareness on new and existing laws, regulations or case laws, or a lack of understanding of contractual provisions and their impact on our transactions or operations;
- Ambiguity in the interpretation or application of laws, regulations and case laws; and
- New case laws, statutory amendments, and introduction of new laws and regulations.

Impact on Value

Compromised financial and intellectual capitals due to:

- Non-compliance costs arising from penalties, fines, payment of damages and compensation;
- Failure to meet legal or contractual obligations resulting in potential claims or litigation;
- Additional compliance costs; and
- Potential reputational damage.

Mitigation Strategies

- Continued to inculcate a compliance culture within the organisation, with complemented by stringent internal processes, and provided internal and external legal support to operational teams when required;
- Maintained close collaboration and conducted effective dialogues with trade associations and regulatory bodies on emerging legal or regulatory requirements as well as industry trends and standards;
- Assigned dedicated project teams to monitor compliance with specific laws, regulations or contractual provisions;
- Defined an escalation matrix and a stringent monitoring, resolution and reporting mechanism to manage material breaches;
- Enhanced our employees' (both legal department employees and other employees of the Group) skills and knowledge of regulatory requirements, case law updates and statutory amendments via regular talks, training, and seminars by internal and external speakers, supplemented by continuous internal legal research and write-ups; and
- Maintained a close monitoring of appellate courts' decisions and case law developments affecting the Group's businesses, along with the emergence of any new bills, laws or amendments which would affect the Group's business or industry.

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STRATEGIC REVIEW

Key Risks and Mitigation

COMPETITION

Risk Trend

Risk Description

A new entrant to the market, or new and superior innovations or advanced technologies delivered by current competitors, have the potential to disrupt our market share and financial performance.

Impact on Value

Diminishing financial capital due to:

- Loss of market share; and
- Lower than expected sales performance and returns on investment.

Mitigation Strategies

- Maintained market watch to monitor existing and new industry entrants and their technologies;
- Implemented the Group's own innovation roadmap and initiatives to source for and pilot new products and services that will complement the Group's business segments, namely in home designs and placemaking;
- Continued to improve online sales platform to ensure a seamless experience for customers; and
- Enhanced productivity and work efficiencies through digitalisation and mechanisation.

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CLIMATE RISK

Risk Trend

Risk Description	Impact on Value
<ul style="list-style-type: none"> • Flood risk. • Not meeting carbon emissions programmes and targets. • Inability to secure adequate water & electricity supply and connection for future projects in growing and/or new townships. 	<p>Compromised manufactured capital, diminishing financial capital and reduced natural capital due to:</p> <ul style="list-style-type: none"> • Impact on value and demand for products (long-term) located in flood risk areas; • Inability to reduce carbon emission and meet carbon emission targets; • Inability to meet strategic development and growth targets; • Inability to meet financial targets; • Loss of market share; • Loss of investors' confidence; and • Potential reputational damage.

Mitigation Strategies

Flood Risk:

- Continued engagement with local authorities on short-term and long-term flood mitigation plans;
- Identified temporary retention ponds to alleviate flood risk, where required;
- Initiated cleaning works to prevent clogging of drains;
- Voluntarily increased our development assessment platform (above regulatory requirements) for new launches in townships that have been identified as high flood risk;
- Implemented flood monitoring and emergency response protocol in high-risk townships;
- Continued to engage with residence committees in high-risk townships to ensure assistance can be deployed in a timely manner in the event of floods;
- Developed a Flood Mitigation Toolkit to address prospective purchasers' queries and to inform them of strategies adopted by Sime Darby Property to address flood risk exposure;
- Constructed a Town Park wetland as a sustainable stormwater management solution; and
- Completed desilting work of drainage and road resurfacing work at townships with a high flood risk.

Carbon Emissions:

- Established baseline for net zero emissions (Scope 1 and 2) and Carbon Reduction Strategy;
- Initiated readiness assessment for Scope 3 emissions (specifically for employee commuting and business travels);
- Tracked the Group's yearly emission against targets;
- Implemented an ESG Playbook which acts as a guide for the Group in the adoption of sustainability initiatives;
- Instilled awareness to all staff regarding climate change and the Group's sustainability targets to ensure consistent adoption and collective implementation of sustainability initiatives;
- Continued monitoring and disclosure of carbon emissions performance of the Group;
- Considered the implementation of sustainability elements during the product planning and design stage; and
- Continued to explore new technologies or alternate materials which can help reduce GHG emissions within the supply chain.

Utilities:

- Continued to engage and follow up with relevant authorities and utility providers to ensure relevant approvals were obtained and utility works progressed as planned at various stages of development;
- Kept abreast of and complied with the requirements of utility providers; and
- Assessed and tracked projected future demand for utilities to ensure the relevant infrastructure is commissioned in a timely manner.

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STRATEGIC REVIEW

Key Risks and Mitigation

SUPPLY CHAIN AND ITS RELATED HUMAN RIGHTS RISK

Risk Trend 

Risk Description

- Heightened demand for proficient and reliable contractors and suppliers within the market may cause increased competition and attrition within our supply chain.
- Supply chain disruption due to exposure to impacts caused by irresponsible supplier environmental or social practices, including human rights violations.

Impact on Value

Diminishing manufactured capital, financial capital, and social capital due to:

- Loss of sales arising from deferrals in product launches due to delays in tender exercises arising from a lack of qualified tenderers;
- Higher cost of construction due to competition for capable contractors;
- Poor product quality or late delivery of products arising from overstretched contractors;
- Additional costs incurred for rectifications, replacements, compensation, settlement, overruns and/or LAD;
- Expenses incurred due to potential claims/disputes/legal action from purchasers; and
- Potential reputation damage.

Mitigation Strategies

Competition Risk for proficient and reliable contractor:

- Conducted a market intelligence exercise to explore new contractors as part of our efforts to increase our pool of competent and experienced consultants and contractors with good track records;
- Continued engagement with vendors that failed to win tenders to explain their shortfall, enable future improvements and encourage them to participate in the future tenders;
- Continued to appoint preferred contractors with existing skilled workers, recycling them into projects within the same geographical location;
- Established a high-performance contractor framework as part of our contractor retention initiatives; and
- Enhanced the vendor registration system with more user-friendly features.

Exposure to ESG and Human Rights Risk:

- Implemented the Group's Vendor Code of Business Conduct ("Vendor COBC") which sets out the standards of behaviours required of Vendors, including human right requirements and expectations;
- Required a Vendor Integrity Pledge ("VIP") as a formal affirmation from vendors that they will comply with, respect and uphold the principles of the Vendor COBC;
- Included a human right clause as part of tender and contract documents with vendor;
- Conducted knowledge sharing and educational sessions with vendors on Human Rights requirements, best practices and laws and regulations to ensure alignment with International Labour Organisation ("ILO")'s indicators;
- Implemented an ESG Playbook to provided clarity on Worker Quarter Hygiene Standards aligned with Centralised Labour Quarters ("CLQ") Guidelines;
- Undertook periodic inspections of Worker Quarters, led by the HSSE team;
- Commenced engagements with key vendors to establish their current position in respect of ILO practices;
- Maintained a list of back-up vendors for key materials; and
- Maintained an approved vendor list ("AVL"), that provides a resource from which alternate contractors may be sourced.

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STRATEGIC REVIEW

Our Strategy

In 2023, Sime Darby Property continued its transformative journey initiated in 2021 under the SHIFT25 framework. The collective efforts of the Group remain focused on elevating our standing from a residential-focused property developer to a leading diversified real estate company in Malaysia by 2025.

Over the past year, we have continued to make progress across all four Corporate Priorities and seven Focus Areas, leveraging on our Engines of Growth framework to adequately allocate resources in alignment with the priorities set for the various facets of our expansion strategies.

Additionally, our new Purpose, Vision, Mission and Values unveiled in 2022 have successfully established a clear direction and motivation for driving the Group’s success, unlocking a united and cohesive call to action across our workforce.

Moving forward, we will continue fine-tuning our strategies and approach, adapting with agility to the evolving industry landscape and ensuring we remain on the right trajectory towards our overarching objectives.



TRANSFORMATION JOURNEY

PURE-PLAY PROPERTY DEVELOPER

Malaysia’s Leading and Most Admired Real Estate Company

REAL ESTATE COMPANY

Master Developer • Community Builder • Investment & Asset Manager

Sustainable & Future-driven Fit-for-purpose 21st Century Designed Company

Strong & Resilient International Presence To Maximise Shareholder Value



ENGINES OF GROWTH

ENGINE 1: 70%
Maximising the Core’s Potential

ENGINE 2: 25%
Business Model Expansion & Growth Adjacencies

ENGINE 3: 5%
Disruptive Opportunities



OUR 4 CORPORATE PRIORITIES

BROADEN INCOME STREAMS

DEEPENING COMPETENCIES

DEVELOP NEW CAPABILITIES

DIGITAL TRANSFORMATION



7 FOCUS AREAS

- Operational Excellence
- Customer First
- Tech & Innovation
- New Revenue Streams
- Organisational Excellence
- Safety & Sustainability
- Branding & Communication

STRATEGIC REVIEW

Strategic Performance Review

BROADEN INCOME STREAMS



Bolstering our position as a master developer by harnessing strategically located land banks to develop economic corridors, integrate robust commercial activities and grow our recurring income portfolio of industrial, retail and commercial assets.

KEY PRIORITIES

- Maximise core Property Development business and position as a master developer.
- Enhance Investment & Asset Management portfolio.
- Amplify industrial and logistics developments.

INITIATIVES

- Maximise growth, profitability, and asset efficiency for Property Development.
- Ensure sustainable Property Development launch pipeline of landed and high-rise residential products for greater earnings visibility.
- Diversify launch product mix across residential, commercial and industrial.
- Explore the development of Affordable Homes.

2023 ACHIEVEMENTS

- Reached new record high revenue, gross profit and operating profit since the 2017 demerger at RM3,436.9 million, RM1,009.0 million, and RM606.4 million, respectively.
- Recorded RM3.3 billion in sales, exceeding our RM2.7 billion target, and achieved record high unbilled sales of RM3.6 billion.
- RM4.0 billion worth of diversified products launched in 2023 (38% residential landed, 34% residential high rise, 17% industrial).
- Secured commitments for the remaining RM300.0 million for the Industrial Development Fund ("IDF-1") to close the fund at RM1.0 billion.
- Established 50:50 Joint Venture ("JV") with Lagenda Properties to develop affordable homes in Kedah.

PRIORITIES FOR 2024

- Continue to introduce products that resonate with market demand to sustain strong sales momentum.
- Maintain healthy product mix whilst diversifying income streams beyond Property Development.
- Optimise net property income ("NPI") yields in the retail segment.
- Activate Property Development recurring income projects.
- Launch Affordable Homes project and explore Geographical Expansion.

SHORT TO MEDIUM-TERM FOCUS AREAS

Continue building towards a best-in-class property development business while growing recurring income streams, supported by placemaking and sustainability positioning for each township.

DEEPEN COMPETENCIES



Strengthening our competencies as a sustainable lifestyle and community developer by fostering a performance-driven culture and integrating safety and sustainability into our day-to-day operations.

KEY PRIORITIES

- Embody our Purpose, Vision, Mission and Values in driving transformation.
- Embed a robust culture of safety and excellence.
- Enhance design, lifestyle and sustainable development capabilities.
- Improve financial management and cost rationalisation.

INITIATIVES

- Enhance safety culture and HSSE management systems towards target of Zero Fatalities (Goal Zero).
- Elevate customer experience ("CX") and Customer First culture across the organisation.
- Develop carbon reduction roadmap towards Net Zero.
- Adopt greater use of Industrialised Building System ("IBS") to enhance environmental sustainability, product quality, productivity and workplace safety.

2023 ACHIEVEMENTS

- Announced Net Zero Carbon commitment, setting a clear pathway towards operational Net Zero by 2050.
- Of all 2023 projects, 86% met or exceeded the benchmarks specified in our Sustainability Playbook, successfully incorporating green elements in product development.
- Operational staff achieved 94% of the target for safety observations set for 2023 (1,401 actual observations vs target of 1,473).
- Average IBS scores: 66 for Township Development (landed-residential); 56 for Integrated Development (high-rise residential); and 70 for Industrial.

PRIORITIES FOR 2024

- Strengthen financial discipline and cost optimisation for effective capital, cash flow and cost management.
- Continue to enhance safety culture and HSSE management systems.
- Elevate customer experience and 'Customer First' culture across the organisation.
- Roll-out Contractor STAR Rating framework to measure contractors on their safety management capabilities.

SHORT TO MEDIUM-TERM FOCUS AREAS

Introduce new initiatives to improve safety, sustainability and customer-centricity practices, further deepening our culture of responsibility and accountability across the organisation.

STRATEGIC REVIEW

Strategic Performance Review**DEVELOP NEW CAPABILITIES**

Driving positive transformation in our business operations by seizing opportunities in new areas and harnessing the power of partnerships and strategic collaborations to bolster our capabilities.

KEY PRIORITIES

- Foster collaboration with best-in-class partners.
- Enhance land bank management and monetisation.
- Maximise placemaking at our developments.

INITIATIVES

- Partner and work with best-in-class partners.
- Experiment with product innovation utilising Modern Methods of Construction (“MMC”).
- Land bank management and monetisation.
- Expand and enhance placemaking across townships.

2023 ACHIEVEMENTS

- Strategic collaboration with Maybank, integrating Maybank Home2u financing platform into Sime Darby Property’s OBS.
- Established MOU with Tenaga Nasional Berhad to explore development of sustainable energy initiatives.
- Enhanced design standardisation of 10 primary builds with the target of reducing build time and optimising cost.
- Activated ~940 acres of land in 2023, with approximately 100 acres from industrial land activation.
- Completed land acquisition of Sg. Kapar of 949 acres.
- Public opening of the award-winning 53-acre KL East Park.

PRIORITIES FOR 2024

- Leverage partnerships to grow in new markets.
- Expand and enhance placemaking across all townships.
- Operationalise new retail offering – Elmina Lakeside Mall.
- To increase R&D efforts in design and building materials.

SHORT TO MEDIUM-TERM FOCUS AREAS

Assess the technical and commercial feasibility of MMC, gain insights from JV partners and elevate placemaking across townships.

DIGITAL TRANSFORMATION



Future-proofing our business model against disruptive global trends by digitising and digitalising our core processes, empowering the exploration of new frontiers within technology, innovation and R&D.

KEY PRIORITIES

- Core IT process rationalisation.
- Cloud computing and enterprise data warehouse.
- Data security framework.
- Data-driven decision making.
- Collaborative platforms.
- Software, apps and developers.

INITIATIVES

- Continue onboarding consultants and contractors to our digital collaborative platform to enhance project management.
- Develop Sime Darby Property's digital application.
- Adopt top-tier cybersecurity levels.

2023 ACHIEVEMENTS

- Implemented Procore solutions for a total of 125 projects.
- Completed Phase 1 of the Sime Darby Property App, with the key functionality of providing construction and billings progress updates.
- Integrated end-financing into the Online Booking System via strategic collaboration with Maybank.
- Commenced pilot stage of 4D Building Information Modeling ("BIM") to improve progress visibility, on-site safety and collaboration.
- Integrated ERP and eProcurement systems.

PRIORITIES FOR 2024

- Launch the Sime Darby Property App and continue Phase 2 functionality developments.
- Implement real-time data visualisation and analytics of key data-points and customer touchpoints.
- Continuous enhancements to the cybersecurity framework.

SHORT TO MEDIUM-TERM FOCUS AREAS

Enhance and onboard digital tools and solutions to further improve operational efficiency, optimise costs, improve cybersecurity, unlock collaborative synergies and deliver enhanced services.

STRATEGIC REVIEW

Strategic Performance Review



STRATEGIC REVIEW

Key Performance Indicators

FINANCIAL METRICS

DIVIDEND PAYOUT



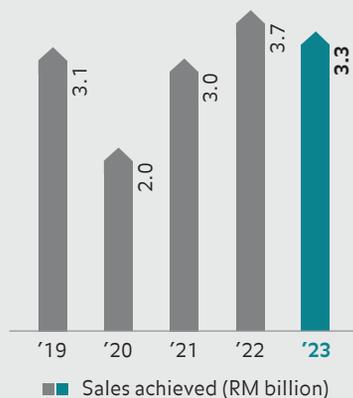
ACTUAL ACHIEVEMENT FY2023

Backed by a healthy financial performance, the Group has declared a dividend of 2.5 sen per share amounting to RM170 million. This dividend payout represents 41.7% of the Group's net earnings for the financial year ended 31 December 2023.

2023 TARGETS

Seeking to deliver sustainable value to shareholders, the Group is committed towards maximising shareholder returns while taking into account funding requirements for growth and transformation.

SALES ACHIEVED



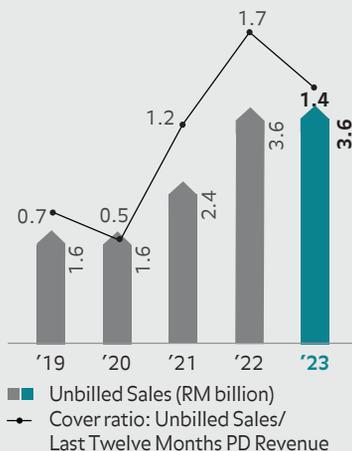
ACTUAL ACHIEVEMENT FY2023

We closed out the year with RM3.3 billion in sales, exceeding our revised 2023 target by 22%.

2023 TARGETS

Sales from Property Development is our largest revenue contributor. Taking weaker economic environment into consideration, we initially targeted to achieve RM2.3 billion in sales in FY2023. As the year progressed, we elevated our sales target to RM2.7 billion on the back of stronger than expected take-up rates and launches.

UNBILLED SALES



ACTUAL ACHIEVEMENT FY2023

Our total unbilled sales at 31 December 2023 reached RM3.6 billion, while our cover ratio moderated to 1.4x from 1.7x in 2022, supported by contributions from residential high-rise and industrial projects as well as strong sales momentum in FY2023.

2023 TARGETS

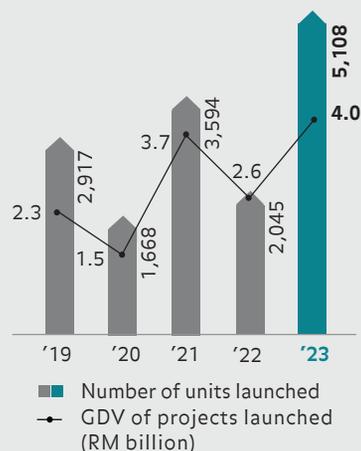
To strengthen our future earnings visibility and future sales recognition, we set the target of achieving a cover ratio of at least 1.0x.

STRATEGIC REVIEW

Key Performance Indicators

FINANCIAL METRICS

VALUE OF PROJECTS LAUNCHED



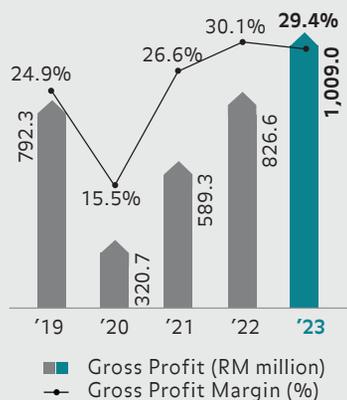
ACTUAL ACHIEVEMENT FY2023

Our total GDV of new launches reached RM4.0 billion, with residential landed making up 38%, residential high-rise 34% and industrial products 17%.

2023 TARGETS

We seek to maintain a steady pipeline of product launches to preserve and enhance our earnings visibility and to extract value from our land bank. In FY2023, we set the target of achieving RM4.0 billion in GDV.

GROSS PROFIT



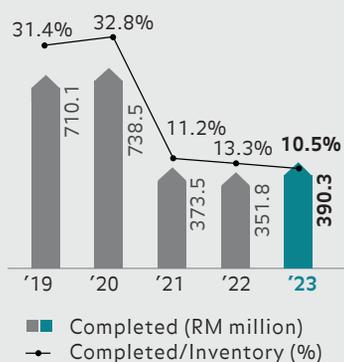
ACTUAL ACHIEVEMENT FY2023

Our Gross Profit was 29.4% of total revenue, surpassing our guidance for the year.

2023 TARGETS

We seek to achieve a Gross Profit Margin of between 20% to 25% in FY2023.

COMPLETED INVENTORIES



ACTUAL ACHIEVEMENT FY2023

Our Completed Inventories stood at RM390.3 million, or 10.5% of total inventories, at the year end, representing a significant improvement over the previous year.

2023 TARGETS

We set the target of achieving Completed Inventories of less than or equal to 10% of total inventories.

NON-FINANCIAL METRICS

LAND ACTIVATION



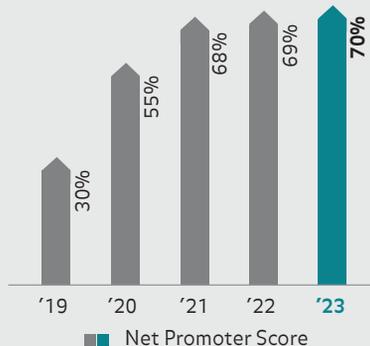
ACTUAL ACHIEVEMENT FY2023

During the year, a total of approximately 940 acres of land were activated, comprising 540 acres utilised for property development and 400 acres of non-core land sold off.

2023 TARGETS

We seek to develop our landbank in order to unlock the value of our assets and contribute to the Group's development.

NET PROMOTER SCORE ("NPS")



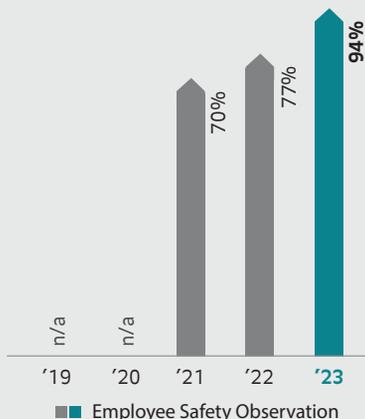
ACTUAL ACHIEVEMENT FY2023

Attained a NPS of 70% at our "My Home Key Collection" customer touchpoint, with our improved score reflecting the success of our 'High 5' initiative in delivering a rewarding key collection experience.

2023 TARGETS

To ensure we deliver consistently high value and service to our customers, we had set the target of scoring 60% for FY2023.

EMPLOYEE SAFETY OBSERVATION REPORTING



ACTUAL ACHIEVEMENT FY2023

In our third year of monitoring our safety observation reporting, which was expanded across all segments last year, we achieved 94% in safety observation and concern reporting submitted by our employees.

2023 TARGETS

We place top priority on the safety of our employees, contractors and business partners, setting the target of submitting at least one (1) safety observation per quarter, per employee in FY2023.

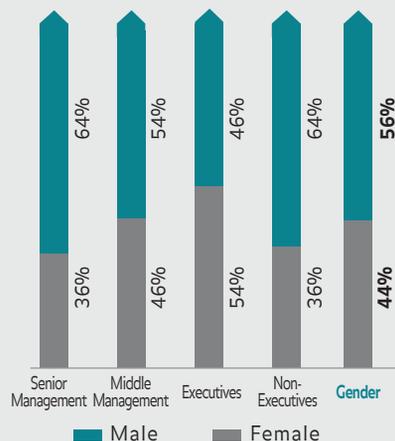
Regrettably, the organisation suffered one fatality on our project site on 5 December 2023.

STRATEGIC REVIEW

Key Performance Indicators

NON-FINANCIAL METRICS

FEMALE REPRESENTATION



ACTUAL ACHIEVEMENT FY2023

Women continue to be robustly represented across the Group, with 662 female employees making up 44% of our total workforce.

2023 TARGETS

We seek to continuously be an equal opportunity employer and fully embrace gender equality.

LEARNING HOURS



ACTUAL ACHIEVEMENT FY2023

We invested a total of RM3.5 million training, accumulating a total of 74,072 learning hours during the year, which reflects an average of 6.09 learning days per employee. 86% of the total learning hours were dedicated to technical, functional, and sustainability programmes.

2023 TARGETS

We seek to continuously provide increasingly structured professional development opportunities in alignment with our Purpose, Vision, Mission and Values.

TOTAL CARBON EMISSIONS



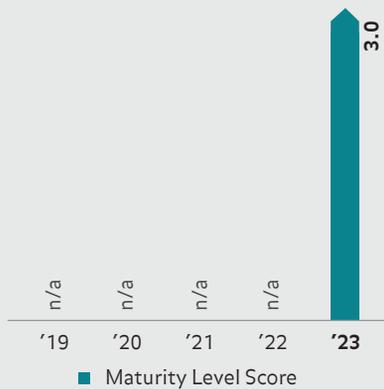
ACTUAL ACHIEVEMENT FY2023

Total Group emissions reduced by 649 tCO₂-e (Scope 1: 217 tCO₂-e; Scope 2: 432 tCO₂-e) compared to 2022, reflecting energy efficiency initiatives undertaken during the year.

2023 TARGETS

We seek to reduce our carbon emissions as we progress towards a net zero carbon organisation.

ENHANCED CYBERSECURITY



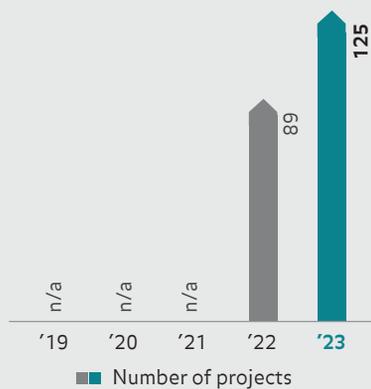
ACTUAL ACHIEVEMENT FY2023

We introduced 22 domain enhancements to existing security controls, as well as organised 4 training sessions with monthly online updates, which were attended by an average of 120 staff each session. As of 2023, we have begun to formulate our cybersecurity maturity score, achieving a score of 3.0 in our inaugural assessment.

2023 TARGETS

To protect our digital systems, as well as data belonging to the Group and our stakeholders, we are constantly maturing our cybersecurity posture with more training and policies.

PROCORE PLATFORM IMPLEMENTATION



ACTUAL ACHIEVEMENT FY2023

We significantly expanded our implementation of Procore solutions to achieve end-to-end visibility of all aspects of the property development process, with a total of 125 projects on-boarded by the end of 2023.

2023 TARGETS

To facilitate data sharing and enhance collaboration between different stakeholders in development project, we set the target of on-boarding 120 projects onto the Procore platform.

PERFORMANCE REVIEW

Financial Performance

Group Chief Financial Officer's Financial Review



BETTY LAU SUI HING
Group Chief Financial Officer



Sime Darby Property's outstanding performance in FY2023 underscores our robust financial competencies, particularly amidst the uncertainties prevalent at the year's onset. Despite facing challenges such as global inflationary pressures, rising material costs and a high-interest-rate environment, we delivered strong financial and operational results that far exceeded our commendable achievements in FY2022. Our success highlights the Group's adeptness in capitalising on market demand to execute strategic launches of competitively priced products in prime locations, supported by targeted marketing and sales efforts.



Our success in FY2023 was underpinned by our agility in adapting to market dynamics and overcoming challenges in the operating landscape. Rising materials costs and a shortage of skilled labour were significant obstacles, necessitating strategic planning and proactive measures to optimise costs, mitigate potential delays and maintain a reliable contractor pool for operational stability. We paid close attention to pricing strategies, enhanced cost-effective designs and fostered close collaboration with contractors to ensure timely delivery. Additionally, we expanded our product range to enhance market penetration and provided a carefully calibrated mix of products launched at the opportune times to meet existing market demand. By effectively addressing challenges and adeptly responding to market trends, we were successful in mitigating potential risks to our operations and placed the Group on a robust trajectory of stable and sustainable financial growth.

In FY2023, the Group maintained its robust momentum in activating and monetising our land bank. Over the past twelve months, we activated and monetised approximately 940 acres of land and launched 37 projects with a Gross Development Value ("GDV") of RM4.0 billion, comprising 38% residential landed, 34% residential high-rise and 17% industrial products. The increase in our launch of high-rise residential offerings reflects our adaptation to shifting market sentiment, with the strong customer response to our launches validating our approach. At the same time, we have continued to expand our product range within the industrial segment, activating 100 acres of industrial land and launching industrial products worth a total GDV of RM689.0 million to fulfil market demand.

Achieved record-breaking financial results since the 2017 demerger:

**Revenue**

RM3.4 billion

**Operating Profit**

RM0.6 billion



Maintained record
high unbilled sales of

RM3.6 billion

Recorded positive
operating cash flow of

RM617.3 million
(excluding
land acquisitions)

The Group's agility and responsiveness to market dynamics resulted in a robust sales performance of RM3.3 billion during the year. Sales performance was driven by the timely launching of a wide range of products within our major townships, collectively valued at RM4.0 billion in GDV in FY2023.

The Group completed the acquisition of two parcels of land totalling 949 acres in Kapar, Klang and 760 acres in Seremban, Negeri Sembilan during FY2023. Strategically located to leverage the success of our ongoing developments in Bandar Bukit Raja and Hamilton Nilai City townships, these two land parcels will play an important role in strengthening our industrial development portfolio in alignment with our SHIFT25 transformation initiative as we build our assets under management.

Moreover, the Group reached another significant milestone in FY2023 by forming a joint venture with Lagenda Properties to develop affordable homes. This strategic move not only supports the growing affordable housing market by providing well-priced homes in strategic locations but also enables us to enter a new market sector, which will potentially generate additional revenue streams in the future.

Under the IAM segment, the Group's continued the drive its transformation from a pure-play property development company into a diversified real estate company, placing focus on expanding recurring income streams via in-house projects, joint ventures and fund management platforms.

With fund raising exercises for our IDF continuing unabated during FY2023, the Group is committed to secure the remaining 30% or RM300.0 million to close the fund at RM1.0 billion in 1H FY2024.

Additionally, the segment has prioritised expanding placemaking initiatives across townships to further enhance the Group's recurring income streams. We are on track to operationalise the new Elmina Lakeside Mall at our City of Elmina township in 2024, with Senada Mall at the KLGCC Resort expected to follow suit in the subsequent year.

The Leisure segment achieved a significant milestone in October 2023 when it hosted the inaugural LGPA-Maybank Championship at KLGCC, solidifying the club's status as one of Asia's premier golf destinations. Having secured hosting commitments for the next two years, KLGCC is strategically positioned to leverage this heightened exposure to enhance its offerings, attract more members and drive revenue growth.

On the financing front, the Group issued RM600.0 million in nominal value Islamic Medium-Term Notes ("IMTN") under its existing RM4,500.0 million IMTN (Sukuk Musharakah) Programme on 21 August 2023, bringing the total IMTN issued to-date to RM1,400.0 million. Despite the volatile interest rate environment, the issuance attracted significant interest from diverse fixed-income and high-calibre investors, resulting in an oversubscription of more than eight times and accumulating an order book valued at over RM4.8 billion.

In enhancing our ESG financing posture, RM200.0 million from the Sukuk issuance during the year, contributing to a cumulative total of RM350.0 million, was specifically designated as Sustainability Sukuk under the Sustainable and Responsible Investment ("SRI") Sukuk Framework issued by the Securities Commission Malaysia ("SRI Framework") and/or ASEAN Sustainability Bond Standards issued by the ASEAN Capital Markets Forum ("ASEAN Sustainability Bond Standard").

In December 2023, the Group's Sukuk Musharakah Programme was accorded an AA+_{IS} rating with a Stable Outlook for the third consecutive year, underscoring investor confidence in the Group's strategies and robust financial standing.

The Group recognises the increasing integration of sustainability initiatives and financial stability, with robust ESG commitments playing a pivotal role in enhancing business performance and facilitating access to financing. It is thus significant that the Group has pledged to achieve Net Zero Emissions by 2050, alongside interim goals of reducing Scope 1 and Scope 2 emissions by 40% by 2030. These established commitments have underscored our dedication to long-term sustainability and will further reinforce our credibility with stakeholders.

In tandem, the Group is prioritising the enhancement of its sustainability reporting framework, particularly from the financial reporting perspective. We have initiated compliance readiness assessments on the International Financial Reporting Standards ("IFRS") S1, which covers General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, which focuses on Climate-related Disclosures. Our goal is to attain full compliance once the effective dates are determined and announced.

PERFORMANCE REVIEW

Financial Performance

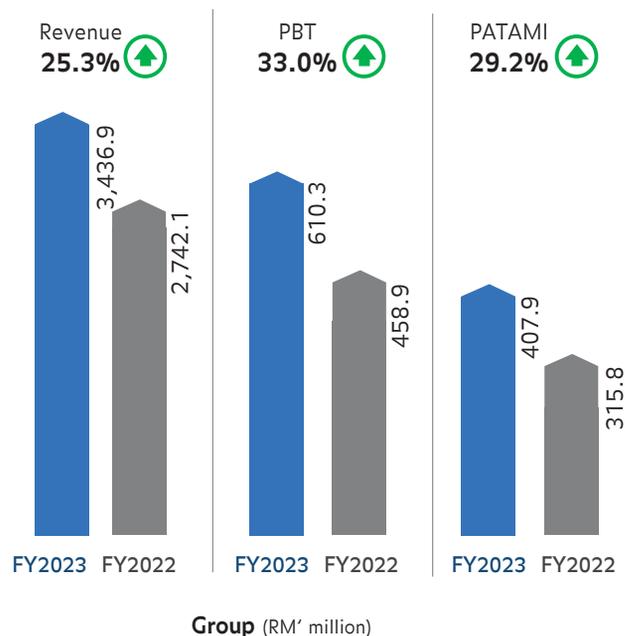
Group Chief Financial Officer's Financial Review

FINANCIAL PERFORMANCE

The Group achieved an outstanding revenue growth of 25.3% to RM3.4 billion in FY2023 from RM2.7 billion in FY2022. On the back of achieving a new historical high revenue, we recorded a 33.0% increase in our PBT, which grew from RM458.9 million to RM610.3 million, and a 29.2% increase in our PATAMI, which rose from RM315.8 million to RM407.9 million despite a higher share of losses from joint ventures. FY2023 mark the second consecutive year of exceptional performance, building on the commendable FY2022 achievements.

The Group's revenue of RM3.4 billion marked a significant 25.3% increase from the previous year, with the growth primarily driven by strong sales performance that surpassed initial expectations, higher site progress as well as contributions from land monetisation.

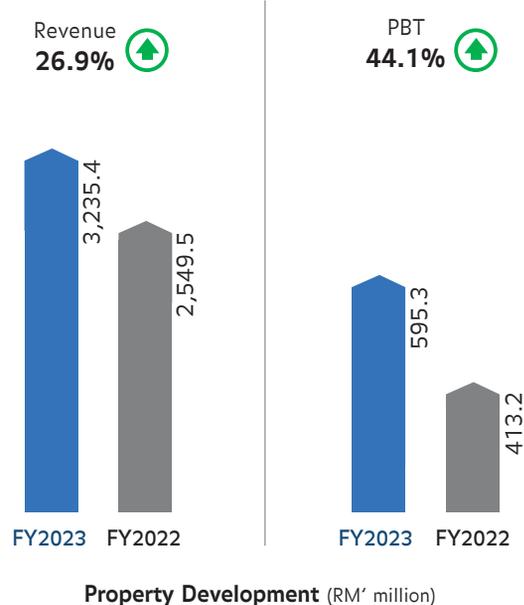
Excluding land acquisition undertaken during the year, the Group recorded a positive operating cash flow of RM617.3 million for FY2023.



SEGMENTAL FINANCIAL PERFORMANCE

PROPERTY DEVELOPMENT

Property Development segment continues to be the primary revenue contributor for the Group, constituting 94.0% of the Group's total revenue. The segment registered a substantial year-on-year growth with revenue of RM3.2 billion, marking an increase of 26.9% from RM2.5 billion in FY2022. Concurrently, the segment

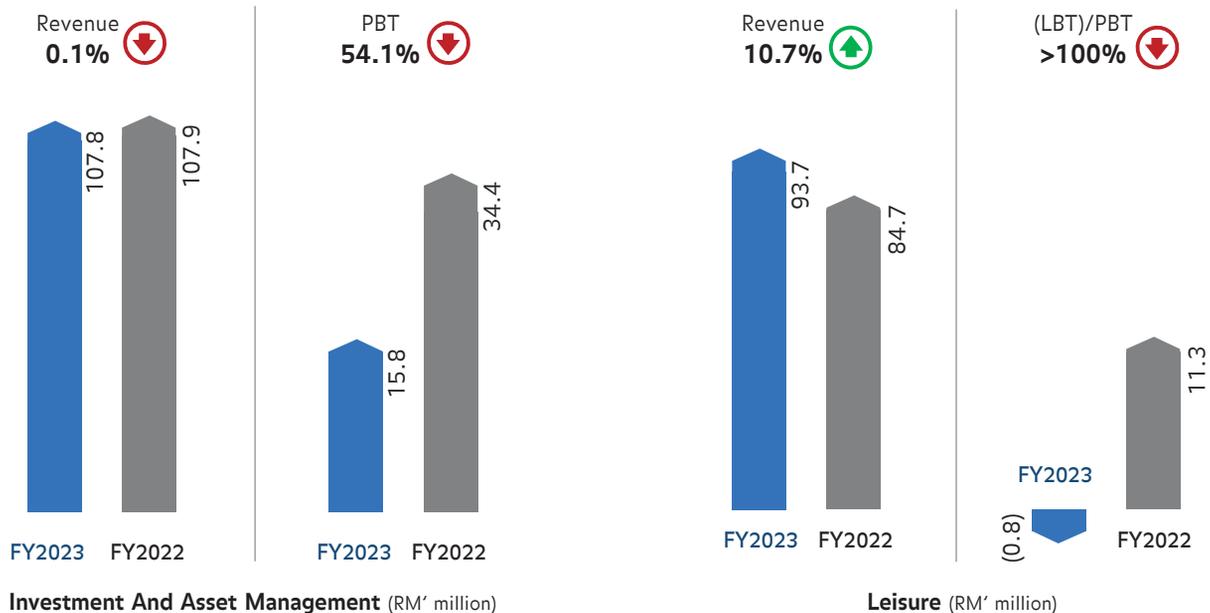


PBT of RM595.3 million saw a robust increase of 44.1% from FY2022 of RM413.2 million. In addition, the higher segment PBT is also attributable to a lower share of loss from joint ventures and associate, which decreased from RM66.0 million to RM23.3 million. The decrease in share of loss is attributable to fair value gain on land, which offset with write-downs on properties incurred by a joint venture.

The segment's commendable achievement was backed by strong sales contribution amounting to RM3.3 billion mainly from residential and industrial products in the year under review, and escalated on-site development activities in Bandar Bukit Raja, Nilai Impian, Serenia City, Elmina Business Park and Hamilton City townships. Furthermore, the sale of lands in Negeri Sembilan and Kedah has also contributed to current year's results, in alignment with the Group's land monetisation strategy.

With the alleviation of worker shortages in FY2023, the Group successfully completed the handover of 25 phases, delivering a total of 3,440 units to customers throughout the year. This reflects the Group's focus on delivering its commitments to customers.

The record level of unbilled sales achieved in the previous year held steady at RM3.6 billion by the end of FY2023. Notably, the composition of our unbilled sales has shifted towards increased contributions from sales of high-rise and industrial products in recent years. This diversification extends our earnings and cash flow visibility, leveraging on the longer revenue-generating life cycles of beyond 3 years.



INVESTMENT AND ASSET MANAGEMENT

The investment and asset management segment maintained its revenue contribution at RM107.8 million, marginally lower than FY2022 of RM107.9 million. Notably, KL East Mall continued to register a healthy occupancy of 90% as at 31 December 2023, improved from 85% in FY2022, while Melawati Mall's occupancy improved to 87%.

Despite maintaining its topline revenue, the segment's PBT declined by 54.1% to RM15.8 million as compared to RM34.4 million in the previous year. The FY2023 PBT was impacted by the share of loss from joint ventures, in contrast with share of profit in FY2022. The current year loss was mainly attributed to fair value loss on investment properties and higher finance costs incurred by a joint venture.

LEISURE

The Leisure segment registered a revenue increase of 10.7% to RM93.7 million, compared to RM84.7 million in the previous year. This growth was driven by a higher number of events and functions, leading to increased revenue from banqueting and food and beverages.

However, the segment reported a LBT of RM0.8 million, in contrast to a profit of RM11.3 million in FY2022. This loss was primarily attributed to escalating operating costs and expenses incurred in intensifying maintenance activities for its golf course, specifically in preparation for the Ladies Professional Golf Association ("LPGA") tournament held in October 2023. In contrast, FY2022 segment profit was supported by a gain of RM8.9 million from the disposal of a leisure property in Vietnam.

FINANCE COSTS

Through effective debt management, the Group contained its finance cost despite an increase in interest rates. Total finance costs amounted to RM146.6 million, comprising borrowing costs from conventional and Islamic borrowings as compared to RM145.5 million in FY2022.

The Group maintained a weighted average cost of borrowings at 4.6% per annum, a marginal increase from 4.5% per annum recorded in FY2022, aligning with prevailing market trends. This reflects the Group's proactive approach to financial management in navigating the high interest rate environments, as further elaborated under the funding mix section.

TAXATION

The effective tax rate for the FY2023 of 30.3% is higher than statutory tax rate of 24% due to movement in deferred tax asset not recognised for losses incurred by certain subsidiaries and non-deductible expenses.

DIVIDEND

Leveraging the Group's strong financial performance and position, the Board has approved a dividend of 2.5 sen per share or RM170.0 million for FY2023, which represents a dividend payout of 41.7% of the Group's net earnings for FY2023. In determining dividend payout, the Group has taken into consideration the need for shareholder returns and the retention of funds essential for our growth plans in building a recurring income portfolio with extensive capital and funding requirements.

PERFORMANCE REVIEW

Financial Performance

Group Chief Financial Officer's Financial Review

FINANCIAL POSITION REVIEW

INVENTORIES MANAGEMENT

As of 31 December 2023, the Group's total inventories increased to RM6.5 billion, reflecting a notable increase of 17.2% from RM5.5 billion recorded as of 31 December 2022. This increase was primarily driven by the Group's strategic land acquisitions, in Kapar, Klang and Seremban, Negeri Sembilan totaling RM782.2 million. These land acquisitions are strategically located to leverage on the success of our ongoing developments in Bandar Bukit Raja and Hamilton Nilai City townships.

Concurrently, the Group continues to maintain its current inventories at manageable level by launching projects that are aligned with market demand, offering them at right price points and in strategic locations within our townships.

Property development costs

Property development costs for ongoing projects stood at RM1.8 billion. The amount reflects a high level of development activities within the Group's major townships, including Bandar Bukit Raja, City of Elmina, Serenia City and Hamilton Nilai City as the Group continues to execute its development plans and meet market demands.

Additionally, during the financial year, a total of RM914.8 million was transferred from land held for property development. This transfer signifies the Group's continuous efforts to accelerate land activation and expand its launching pipeline.

Completed inventories

As at 31 December 2023, our completed inventories have decreased to RM244.4 million, marking the lowest level since the demerger. This reduction was attributed to a decrease in inventories in KLGCC Resort, Taman Melawati, Planters' Haven and KL East townships, as a result of effective and targeted marketing and sales efforts.

WORKING CAPITAL/LIQUIDITY MANAGEMENT

In FY2023, the Group maintained positive operating cash flow, showing its ability to generate cash from core business activities. This was largely driven by increase in progress billings and improved collection efforts in credit management, in addition to higher sales from residential, commercial and industrial products. 3,440 residential and commercial units were also handed over during the year.

Despite incurring land acquisition costs of RM808.2 million, the Group effectively managed its working capital, as evidenced by a relatively low net borrowings raised for FY2023 amounting to RM52.3 million. This demonstrates the Group's ability to finance its operations and expansion initiatives while effectively managing its debt levels.

The Group's total cash and cash equivalents stood at RM602.6 million, reflecting a healthy liquidity position as at end of 2023.

RM'million	FY2023	FY2022
Operating cash flow	617.3	1,015.5
Payment for land acquisitions	(808.2)	-
Investing cash flow	19.3	32.4
Financing cash flow		
Dividends paid	(141.4)	(78.8)
Net finance cost paid	(98.9)	(114.0)
Net borrowings raised	52.3	(757.3)
Others	(35.0)	(22.3)
Foreign exchange differences	11.9	0.2
Net cashflow	(382.7)	75.7

DEBT AND FUNDING MANAGEMENT

As part of the Group's debt and funding management, it closely monitors its gearing ratio, funding mix balance including debt maturity profile, forex risk as well as interest rate risk.

The Group's Borrowings

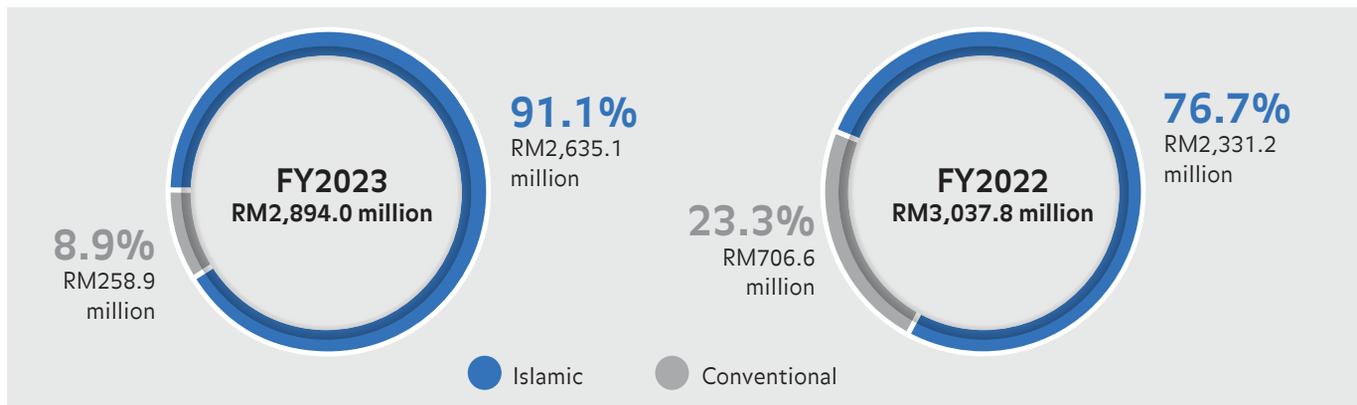
The Group continued to manage its gearing diligently, with a focus on maintaining healthy debt levels. Total borrowings reduced by 4.7% from RM3.0 billion to RM2.9 billion as at 31 December 2023. The Group's net gearing for FY2023 is 22.7% while the gross gearing ratio reduced to 28.6% in FY2023 from 32.0% in FY2022.

RM'million	FY2023	FY2022
Total Borrowings	2,894.0	3,037.8
Lease Liabilities	45.4	45.6
Total Debt	2,939.4	3,083.4
Cash and Bank Balances (including cash under Housing Development Accounts)	602.6	985.3
Total Equity	10,283.5	9,644.8
Gross Gearing Ratio (%)	28.6	32.0
Net Gearing Ratio (%)	22.7	21.8

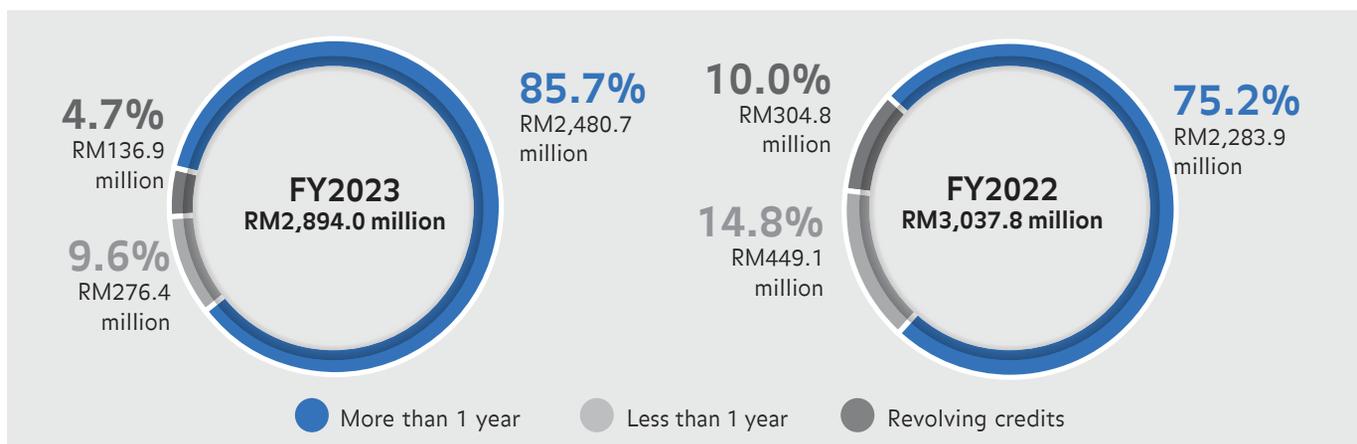
Funding Mix

The Group maintained an optimal funding mix and well-balanced borrowing portfolio, by broadening its funding options for greater flexibility in supporting the Group’s long-term growth initiatives.

In FY2023, the Group consistently upheld a balanced portfolio between its conventional and Islamic borrowings, maintaining its status as a shariah counter on Bursa Malaysia, where the Group’s conventional loans over total assets ratio was below the Securities Commission’s 33% requirement. As at 31 December 2023, the ratio stands at 1.6% compared with 4.6% at end 2022. The Group’s Islamic and conventional funding mix is reflected in the following chart.



The debt maturity portfolio of the Group is managed to ensure optimal repayment spread to alleviate high cashflow requirements in any one period, as well as to reduce both concentration and refinancing risks. 85.7% of the Group’s total borrowings has a maturity period ranging from 2 to 10 years, while 9.6% of the borrowings are due in less than a year. The 4.7% balance comprises borrowings under revolving credit which can be rolled over periodically.



The Group’s repayment portfolio:

RM' million	Revolving credits	<1 Year	1 to 2 Years	2 to 5 Years	>5 Years	Total
FY2023	136.9	276.4	384.1	1,669.9	426.7	2,894.0
Percentage (%)	4.7	9.6	13.3	57.7	14.7	100.0
FY2022	304.8	449.1	308.8	1,352.4	622.7	3,037.8
Percentage (%)	10.0	14.8	10.2	44.5	20.5	100.0

* Relates to amounts under revolving credit facilities which are rolled over on a periodic basis.

PERFORMANCE REVIEW

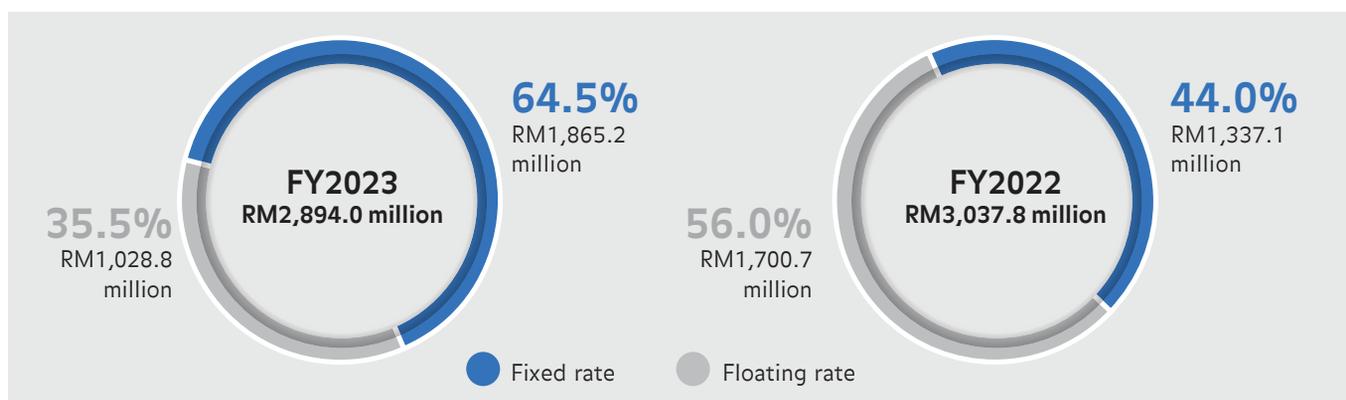
Financial Performance

Group Chief Financial Officer's Financial Review

Exchange rate and interest rate management

The Group manages exchange rate risk via a natural hedge. During the year, the Group has substantially reduced its exposure to exchange rate risk from borrowings denominated in foreign currency through partial repayment of its revolving credits denominated in Pound Sterling with repatriation proceeds from the Battersea Power Station.

With the volatile interest rate environment in 2023, the Group's strategy was to ensure that interest rate volatility was carefully managed and the repayment profiles of new borrowings are aligned with the cash flows from the underlying assets being funded to mitigate cash flow risks. Through the issuance of RM600.0 million Sukuk Musharakah which was largely used to part fund the Group's long-term assets, and the partial repayment of revolving credits in 2023, the composition of fixed-rate borrowings over total borrowings increased by 20.5% to 64.5% as of 31 December 2023. The higher proportion of fixed rate borrowings further mitigate the risk of interest rate volatility.



Available facilities

Subsequent to the issuance of the Sukuk Musharakah in 2023, the remaining balance available for issuance under the IMTN programme stood at RM3.1 billion – bringing the total undrawn facilities of the Group to RM4.9 billion as outlined below. These facilities will be able to support the Group's diversified business model, in achieving a sustainable project pipeline as well as building its recurring income portfolio.

RM' million	Facility Limit	Facility Limit Available
Bank Borrowings	4,424.4	1,764.3
IMTN Programme	4,500.0	3,100.0
Total	8,924.4	4,864.3

OUTLOOK

Positive market sentiment is expected to continue in 2024 and the Group expects an upward but moderate growth trajectory in the property and retail sector, taking into consideration challenges posed by inflation and high Overnight Policy Rate ("OPR"), weaker currency leading to higher import prices, and Sales and Service Tax ("SST") hike that took effect from 1 March 2024. With that, the Group has announced a sales target of RM3.0 billion and launches worth RM3.9 billion for 2024.

The Group's strong financial position with a cash reserve of RM602.6 million and a relatively low net gearing ratio of 23% enables the Group to further accelerate land bank activation in the Property Development segment and continue to diversify its product range and launch at appropriate price points in strategic locations to effectively meet market demand, including its new venture into Seed Homes under the affordable homes segment.

In tandem with the acceleration efforts on the Property Development segment, the Group will also direct its financial and operational resources in carrying out strategic initiatives aimed at building a recurring income stream within the Investment and Asset Management segment. The Elmina Lakeside Mall opening is slated for 2024, whilst intensive planning and marketing efforts are also underway for the industrial segment assets which are expected to significantly increase the Group's asset under management in the middle to longer term.

The Group remains committed to executing its SHIFT25 transformation journey, aiming for greater heights in 2024. As the Group builds up its portfolio of recurring income assets through external funding, debt level is expected to increase. However, barring any unforeseen circumstances, the Group foresees that the solid foundation laid thus far through high financial discipline will enable the Group to continue its growth trajectory and sustain its resilient financial performance in 2024.

PERFORMANCE REVIEW

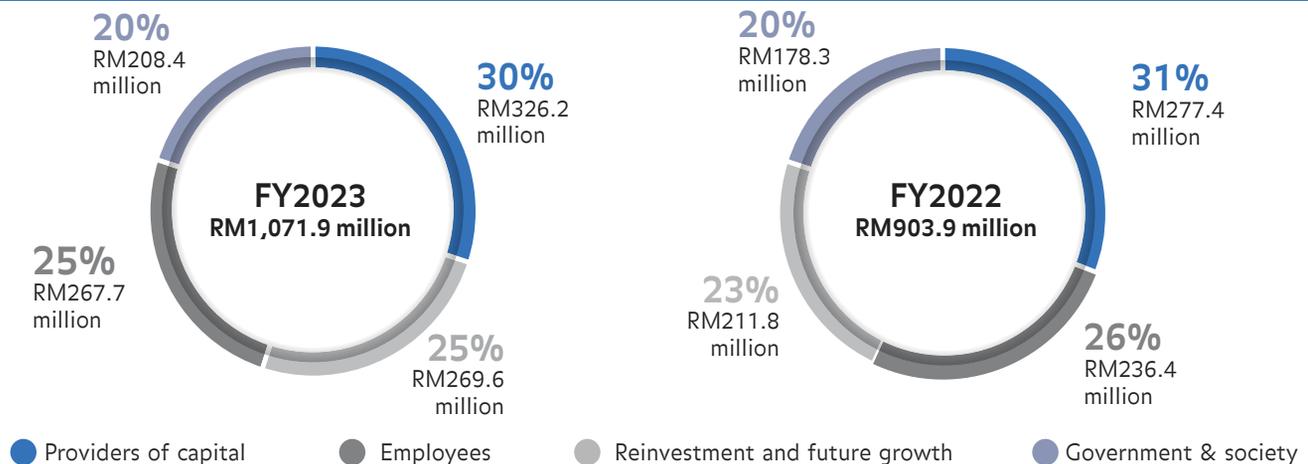
Financial Performance

Statement of Value Added & Value Distributed

Driven by improved financial performance, the Group generated a total stakeholder value of RM1,071.9 million in FY2023, marking a significant increase from RM903.9 million in FY2022. The Group's dedication to providing sustainable value creation for our stakeholders persists unwaveringly.

RM'million	FY2023	FY2022
VALUE ADDED		
Revenue	3,436.9	2,742.1
Direct and indirect costs	(2,432.7)	(1,929.0)
Value Added from Operations	1,004.2	813.1
Other operating expenses	(9.8)	(29.2)
Other gains	16.6	40.1
Share of results of joint ventures	(58.1)	(27.8)
Share of results of associates	5.3	1.7
Finance income	113.7	106.0
Total Value Added	1,071.9	903.9
VALUE DISTRIBUTED		
Employees	267.7	236.4
Government and Society	208.4	178.3
Providers of Capital		
Dividends	170.0	136.0
Finance costs	146.6	145.5
Non-controlling interests	9.6	(4.1)
	326.2	277.4
Reinvestment and future growth		
Depreciation and amortisation	31.7	32.0
Addition to retained earnings	237.9	179.8
	269.6	211.8
Total Value Distributed	1,071.9	903.9

TOTAL VALUE DISTRIBUTED



PERFORMANCE REVIEW

Financial Performance

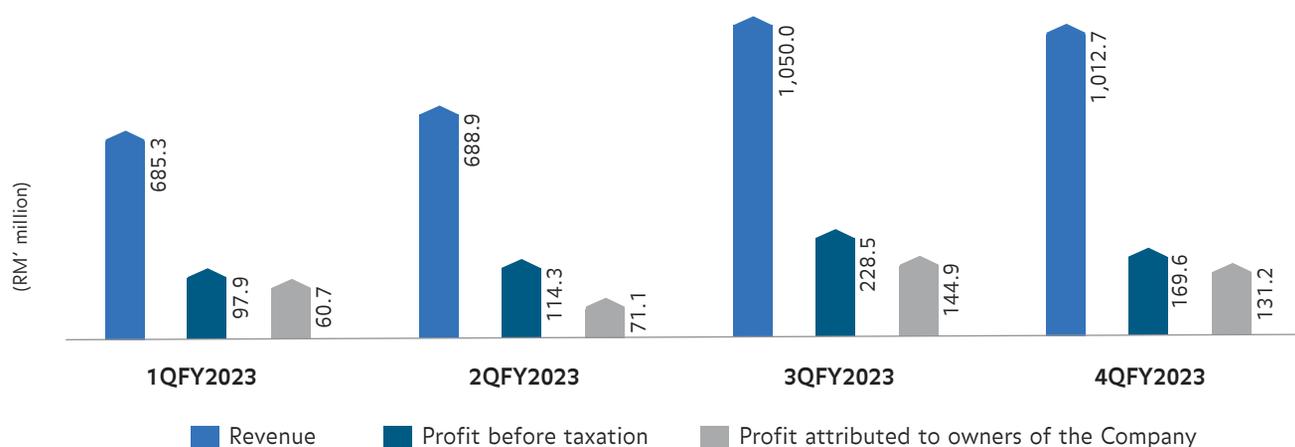
Quarterly Performance

FINANCIAL RESULTS

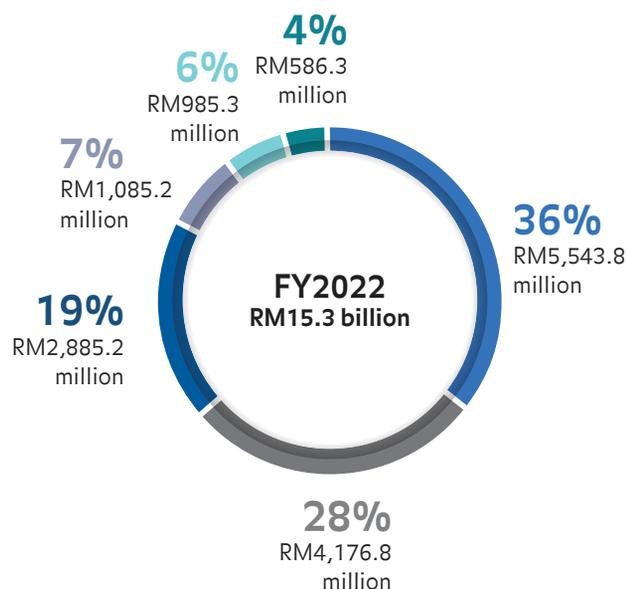
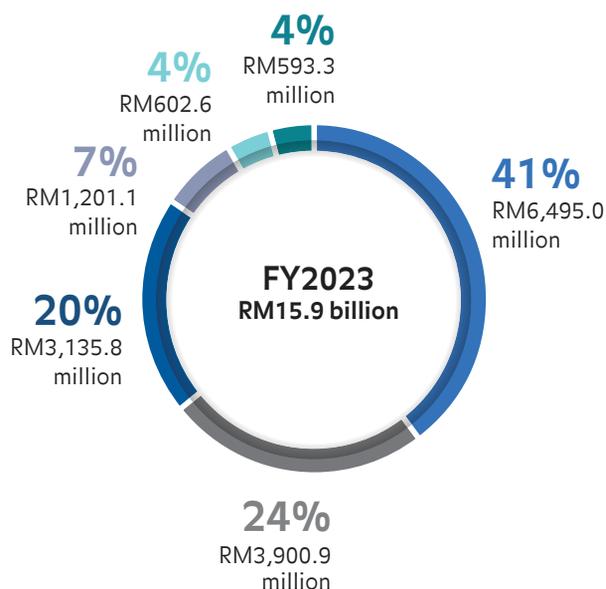
RM'million	1QFY2023 31 Mar 2023	2QFY2023 30 Jun 2023	3QFY2023 30 Sep 2023	4QFY2023 31 Dec 2023	FY2023 Total
Revenue	685.3	688.9	1,050.0	1,012.7	3,436.9
Operating profit	113.5	116.3	254.1	122.5	606.4
Share of results from joint ventures & associates	(27.4)	(19.3)	(20.7)	14.7	(52.7)
Other gains/(losses)	5.1	4.0	(6.1)	13.6	16.6
Profit before interest and tax	91.3	101.0	227.2	150.8	570.3
Profit before taxation	97.9	114.3	228.5	169.6	610.3
Profit after taxation	61.2	78.8	144.3	133.2	417.5
Profit attributable to owners of the Company	60.7	71.1	144.9	131.2	407.9

SEGMENT RESULTS

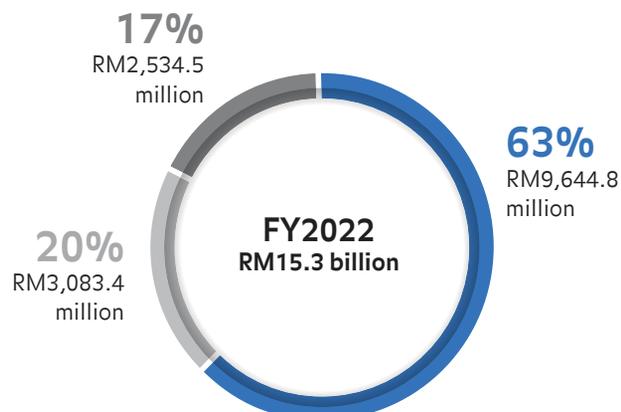
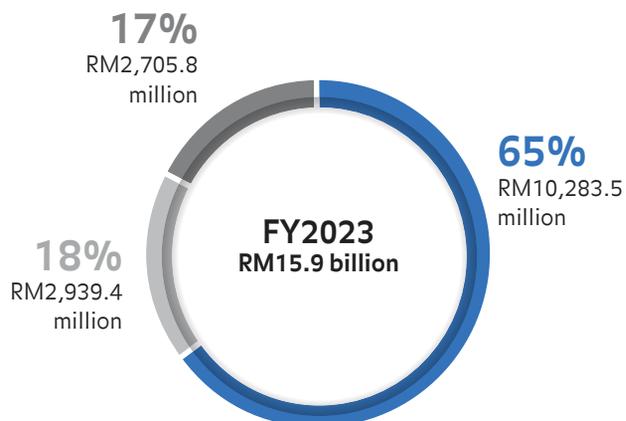
RM'million	1QFY2023 31 Mar 2023	2QFY2023 30 Jun 2023	3QFY2023 30 Sep 2023	4QFY2023 31 Dec 2023	FY2023 Total
REVENUE					
Property Development	636.8	639.7	1,002.5	956.4	3,235.4
Investment and Asset Management	26.2	26.3	26.1	29.2	107.8
Leisure	22.3	22.9	21.4	27.1	93.7
Total	685.3	688.9	1,050.0	1,012.7	3,436.9
PROFIT/(LOSS) BEFORE TAX					
Property Development	92.4	111.7	220.4	170.8	595.3
Investment and Asset Management	3.6	3.9	10.4	(2.1)	15.8
Leisure	1.9	(1.3)	(2.3)	0.9	(0.8)
Total	97.9	114.3	228.5	169.6	610.3



PERFORMANCE REVIEW

Financial Performance
Statement of Financial Position
TOTAL ASSETS


- Inventories
- Joint ventures
- Cash and cash equivalents
- Other assets
- Investment properties
- Property, plant and equipment

TOTAL EQUITY AND LIABILITIES


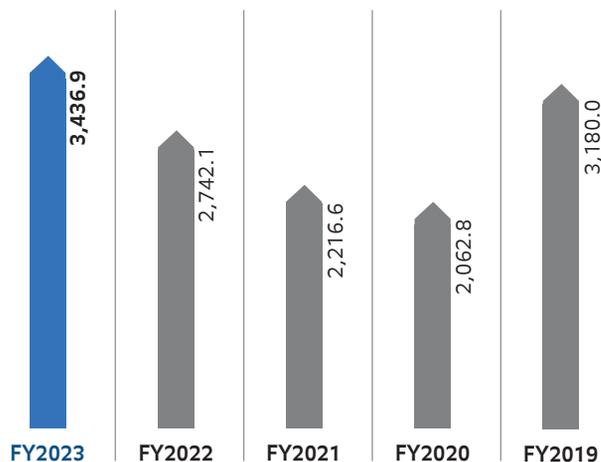
- Total equity
- Total debt
- Other liabilities

PERFORMANCE REVIEW

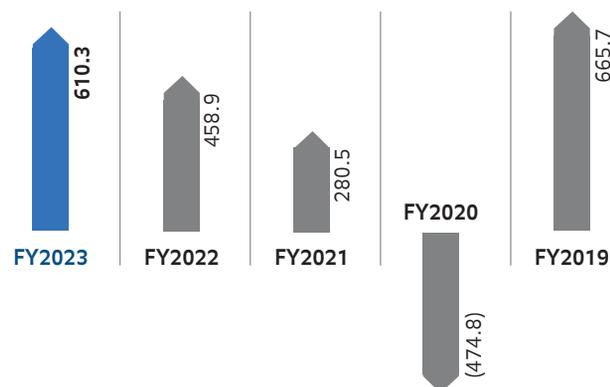
Financial Performance

5-Year Financial Highlights

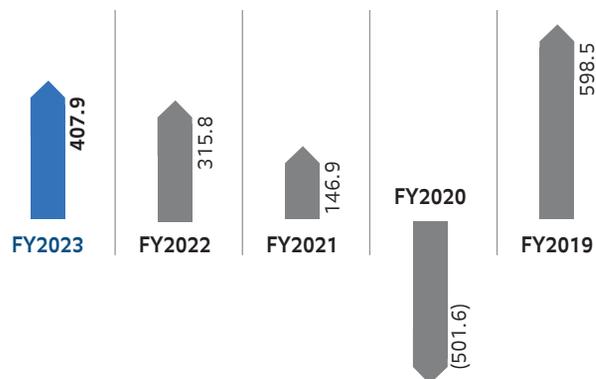
REVENUE (RM'million)



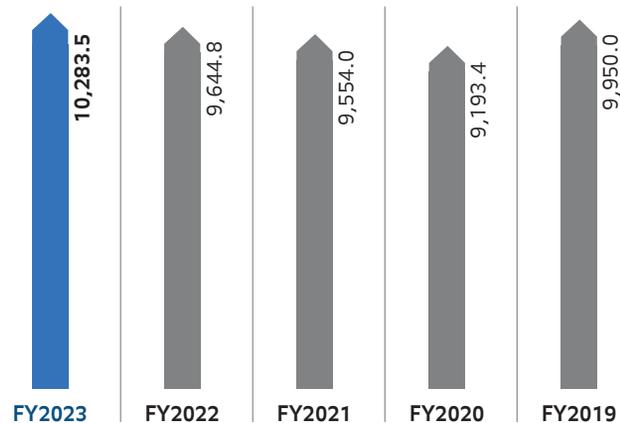
PROFIT/(LOSS) BEFORE TAXATION (RM'million)



PATAMI/(LATAMI) (RM'million)



TOTAL EQUITY (RM'million)





PERFORMANCE REVIEW

Financial Performance

5-Year Financial Summary

RM'million	FY2023	FY2022	FY2021	FY2020	FY2019
FINANCIAL RESULTS					
Revenue	3,436.9	2,742.1	2,216.6	2,062.8	3,180.0
Profit/(loss) before taxation	610.3	458.9	280.5	(474.8)	665.7
Profit/(loss) after taxation	417.5	311.7	162.3	(535.5)	590.9
Profit/(loss) attributable to owners of the Company	407.9	315.8	146.9	(501.6)	598.5
FINANCIAL POSITION					
Share capital	6,800.8	6,800.8	6,800.8	6,800.8	6,800.8
Shareholders' funds	10,057.1	9,519.7	9,412.4	9,013.8	9,721.7
TOTAL EQUITY	10,283.5	9,644.8	9,554.0	9,193.4	9,950.0
Property, plant and equipment	593.3	586.4	615.2	626.2	636.3
Investment properties	1,201.1	1,085.2	987.3	709.0	745.8
Inventories	6,495.0	5,543.8	5,792.3	6,234.3	6,532.8
Joint ventures	3,135.8	2,885.2	3,300.4	2,476.1	2,805.0
Cash (including cash in Housing Development Accounts)	602.6	985.3	909.7	801.8	743.3
Other assets	3,900.9	4,176.8	4,017.0	3,941.6	4,019.1
Total Assets	15,928.7	15,262.7	15,621.9	14,789.0	15,482.3
Total debt*	2,939.4	3,083.4	3,898.3	3,409.4	3,296.0
Other liabilities	2,705.8	2,534.5	2,169.6	2,186.2	2,236.3
Total Liabilities	5,645.2	5,617.9	6,067.9	5,595.6	5,532.3
NET ASSETS	10,283.5	9,644.8	9,554.0	9,193.4	9,950.0
FINANCIAL RATIOS (%)					
PBT/(LBT) margin	17.8	16.7	12.7	(23.0)	20.9
PATAMI/(LATAMI) margin	11.9	11.5	6.6	(24.3)	18.8
Return on average shareholders' funds	4.2	3.3	1.6	(5.4)	6.3
Gross gearing ratio	28.6	32.0	40.8	37.1	33.1
Net gearing ratio	22.7	21.8	31.3	28.4	25.7
SHARE INFORMATION					
Basic earnings/(loss) per share (sen)	6.0	4.6	2.2	(7.4)	8.8
Dividend per share (sen)	2.5	2.0	1.0	1.0	3.0
Net assets per share attributable to owners of the Company (RM)	1.48	1.40	1.38	1.33	1.43

* Total debt = borrowings + lease liabilities

PERFORMANCE REVIEW

Financial Performance

Financial Calendar

FINANCIAL RESULTS

Announcement of Unaudited Consolidated Results



25 May

2023

1st Quarter
Ended 31 March 2023

28 August

2023

2nd Quarter
Ended 30 June 2023

24 November

2023

3rd Quarter
Ended 30 September
2023

23 February

2024

4th Quarter
Ended 31 December
2023

DIVIDEND

First Single Tier Dividend of 1.0 sen Per Ordinary Share



28 August

2023

Announcement of the Notice
of Entitlement and Payment

29 September

2023

Date of Entitlement

19 October

2023

Date of Payment

Second Single Tier Dividend of 1.5 sen Per Ordinary Share



23 February

2024

Announcement of the Notice
of Entitlement and Payment

16 April *

2024

Date of Entitlement

8 May

2024

Date of Payment

* The entitlement date has been rescheduled from
15 April 2024 to 16 April 2024 in view of Hari Raya festival.

51st ANNUAL GENERAL MEETING

19 April

2024

Notice Date

20 May

2024

Meeting Date

PERFORMANCE REVIEW

Investor Information

The Group is dedicated to maintaining meaningful engagement with the investment community, with our Investor Relations (“IR”) unit responsible for executing a comprehensive calendar of IR activities efficiently and promptly. They play a vital role in engaging and sharing information about the Group’s strategies and corporate developments, as well as financial and operational performance, with existing shareholders and the wider investment community. To this end, the team maintains close communication with both domestic and international shareholders, fund managers and financial analysts.

The Board of Directors and Executive Leadership team receive regular updates on feedback gathered during investor engagement sessions and from sell-side analysts’ reports through routine reports prepared by the IR team.

INVESTOR RELATIONS ENGAGEMENT CHANNELS

Channel	Detail	Targeted Audience
Corporate Website and Email	<ul style="list-style-type: none"> The IR team ensures that the IR section of the corporate website, available at https://www.simedarbyproperty.com/investor-relations, is updated promptly and accurately. Our website is utilised as a primary online repository, offering both current and historical investor-related information to assist investors in making informed decisions. Investors may also contact our IR team at investor.relations@simedarbyproperty.com for a direct response to their enquiries. 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts Retail investors/ Minority shareholders Bankers Media
Quarterly Analyst & Media Briefings	<ul style="list-style-type: none"> Sime Darby Property conducts analyst and media briefings quarterly following its results announcements. In FY2023, all quarterly briefings were conducted virtually via livestream, with the exception of our Q2 briefing that featured a hybrid format. Our adoption of a virtual format for quarterly briefings provides greater convenience and accessibility for stakeholders who wish to participate. Presentation materials shared during the briefings are clear, concise and designed to address key matters. They are also made available for download on the Group’s website. 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts Bankers Media
One-on-One or Small Group Meetings & Non-deal Roadshows	<ul style="list-style-type: none"> One-on-one and small group meetings, as well as non-deal roadshows, offer institutional investors, fund managers and analysts the opportunity to gain a better understanding of our business performance, corporate developments and strategic direction on a periodic basis. These engagements are primarily conducted via conference calls or small group meetings. 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts
Investor Conferences & Retail Briefings	<ul style="list-style-type: none"> The Group actively participates in investor conferences in Malaysia organised by research houses, investment banks or Bursa Malaysia. During these conferences, corporate development, strategic direction, and financial and operational performance updates are presented by the Group. This channel serves as a crucial platform to attract the interest of new institutional and retail investors or fund managers, while maintaining engagement and rapport with existing investors. 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts Retail investors
Annual General Meetings/ Extraordinary General Meetings	<ul style="list-style-type: none"> Besides being a platform for existing shareholders to vote on proposed resolutions, the Annual General Meeting (“AGM”) serves as a vital platform for the Executive Leadership team to engage directly with shareholders. During the AGM, management recaps the previous year’s performance and communicates ongoing strategic plans, key developments and performance updates. Shareholders are encouraged to voice any questions or concerns they may have during the meeting. The 50th Annual General Meeting, followed by an Extraordinary General Meeting was conducted virtually from the Kuala Lumpur Golf & Country Club on 24 May 2023. 	<ul style="list-style-type: none"> Institutional investors Retail investors/ Minority shareholders Media

PERFORMANCE REVIEW

Investor Information

IR CALENDAR FOR FY2023

In FY2023, the Group upheld an active IR calendar, conducting a series of timely, consistent and transparent engagement activities with our investment community. Throughout the year, we executed the following IR activities:

- Organised four quarterly results analyst and media briefings with an average of 50 sell-side or buy-side fund managers and bankers, along with 10 media representatives, participating in each briefing;
- Participated in three investor conferences;
- Undertook 48 engagements with investors, fund managers and analysts via non-deal roadshows or one-on-one/small group management meetings, including six site visits to townships; and
- Held our 50th Annual General Meeting, as well as Extraordinary General Meeting.

CONFERENCES PARTICIPATED IN FY2023



MONTHLY BREAKDOWN OF ENGAGEMENT ACTIVITIES

Engagement with Investors, Fund Managers and Analysts (including site visits)	No.
January	2
March	8
April	3
May	2
June	6
July	10
August	1
September	6
October	2
November	8
Total	48

RETURNS TO SHAREHOLDERS

The Group has consistently delivered healthy returns to shareholders, with our dividend payout ratios (excluding one-offs) for the past five financial years, from FY2018 to FY2022, ranging from 46.3% to 133.4%. In the current financial year, the dividend payout ratio stands at 41.7%. Looking ahead, the Group remains dedicated to maximising shareholder returns while carefully considering funding requirements for growth and transformation. Our dividend policy underscores the Group's commitment to delivering optimal returns to our shareholders.

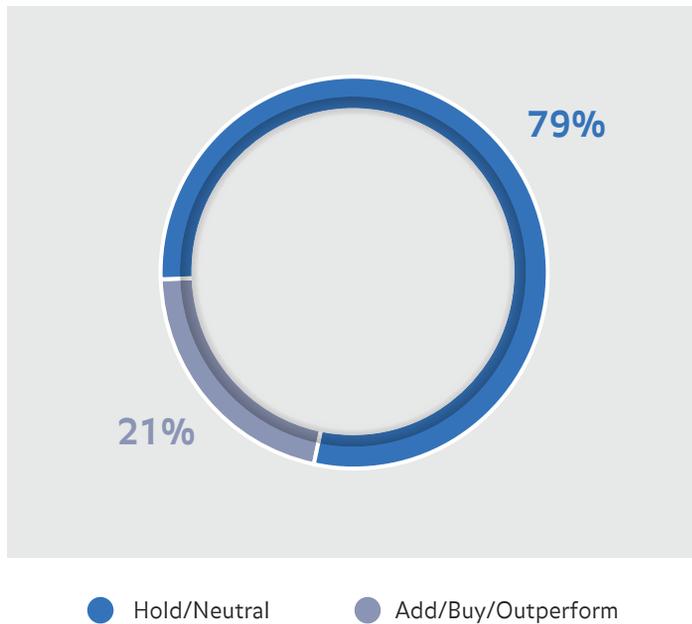
BROAD RESEARCH COVERAGE

Over the past financial year, the number of research houses issuing analyst coverage reports for Sime Darby Property increased from 13 to 14, with BIMB Securities initiating research coverage in May 2023. As of 23rd March 2024, 79% of research houses have stipulated an Add/Buy/Outperform rating while 21% stood at a Hold rating, with no sell ratings being indicated. The average target share price was RM0.886, approximately 60.8% higher than the average trading price during the review period of RM0.551.

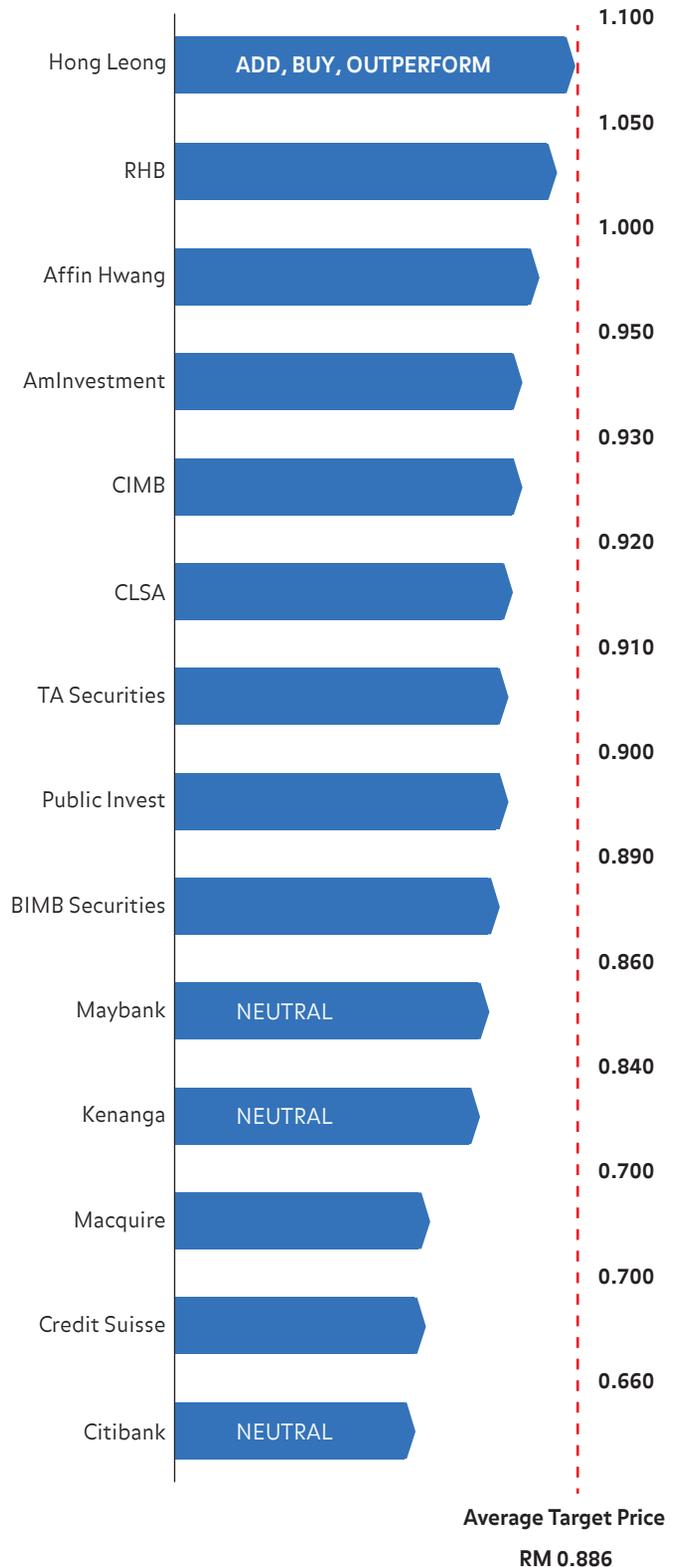
The average target share price reflects a discount on Revalued Net Asset Value ("RNAV") of 57%. Below is a summary of the research analysts' rating recommendations and target prices:

	FY2023	FY2022	FY2021
Number of research houses	14	13	13
Average target price (RM)	0.886	0.615	0.743
ANALYSTS' RECOMMENDATIONS			
Add/Buy/Outperform	11 (79%)	11 (84%)	9 (69%)
Hold/Neutral	3 (21%)	1 (8%)	3 (23%)
Sell	0 (0%)	1 (8%)	1 (8%)

ANALYST RECOMMENDATIONS



TARGET PRICE AS AT MARCH 2024



PERFORMANCE REVIEW

Investor Information

SUMMARY OF INVESTOR INTERESTS

The key concerns and considerations of our investors, along with a summary of our response towards each area of focus, is tabulated below:

Focus Area	Our Response
Value Proposition	<ul style="list-style-type: none"> Sime Darby Property is a well-established property developer with a rich history of over 50 years in crafting sustainable communities. Our industry growth is underscored by the development of 25 strategically located and thriving townships/developments to date. These projects are seamlessly connected to major highways and transportation hubs within key growth areas and economic zones. We develop an extensive range of properties, predominantly comprising residential freehold units spanning from the affordable to high-end segments, including both landed and high-rise units, along with a growing portfolio of industrial & logistics, retail and commercial developments. Our steadfast commitment to delivering quality products to customers over the past five decades has solidified our reputation as an experienced and trusted property developer among Malaysians. The Group has expanded its footprint to the UK as part of a Malaysian consortium involved in the development of the iconic Battersea Power Station (“BPS”) Project in Central London. The BPS was officially launched in October 2022 and has attracted over 13.8 million visitors as of December 2023. Three residential projects have been completed thus far, with residential apartments at Phase 2 and 3A having achieved impressive take-up rates of 97%, and KOA at Electric Boulevard, which was newly completed in December 2023, achieving a take-up rate of approximately 54% as of 31 January 2024. Our two commercial spaces in Phase 2 and 3A are currently 90% and 85% leased respectively. The Group is embarking on a transformation journey with the aim of transitioning from a pure-play property developer to a leading and highly respected real estate company by 2025. This transformation involves implementing a diversified business model, with an emphasis on enhancing our recurring income investments and assets. The expansion of the Industrial & Logistics Development business is identified as a key driver of the recurring income approach across six major townships, namely Elmina Business Park, Bandar Bukit Raja, Bandar Universiti Pagoh, Hamilton Nilai City, Serenia City and Nilai Impian. In FY2023, the Group achieved an increasingly diversified product mix, with industrial and high-rise products accounting for 17% and 34% of the total GDV launched, compared to 46% and 12% respectively in FY2022. Sime Darby Property possesses approximately 14,800 acres of remaining land banks in Malaysia, with an estimated total GDV of RM115 billion. Strategically located, these land banks are interconnected to major highways and predominantly situated within key growth areas and economic corridors spanning from the central region of the Klang Valley to Negeri Sembilan and Johor in the south. The Group anticipates significant potential for these areas in the short to long term.
Financial Performance	<ul style="list-style-type: none"> In FY2023, Sime Darby Property surpassed financial and operational expectations, delivering an exceptional performance amidst a challenging operational environment with its highest revenue, gross profit and operating profit since the 2017 demerger. The Group’s revenue expanded by 25% to RM3.4 billion, as operating profit grew to RM606.4 million, marking a 39% increase compared to 2022. Meanwhile, PATAMI surged by over 29% to RM407.9 million. This record financial performance was primarily contributed by the Property Development segment, which benefited from improved site progress and recognition of unbilled sales, and saw strong contributions across all product categories – residential landed, residential high-rise and industrial developments. Capitalising on improvements in the labour market conditions, the segment significantly increased on-site development across major townships during the year. Sime Darby Property maintains its commitment to financial discipline and prudent financial management, including effective cash flow and inventory management. As of 31 December 2023, the Group held a healthy cash balance of RM602.6 million. Meanwhile, our ratio of completed inventories further improved from 13.3% in 2022 to 10.5% in 2023, reflecting the robust market demand for our products and success of our promotional activities during the year.

Focus Area	Our Response
Capital Management and Dividend Payment	<ul style="list-style-type: none"> • Sime Darby Property’s capital management plan prioritises the establishment of a sustainable financial model aimed at enhancing long-term shareholder value. • As part of our funding strategy, the Group initiated the RM4.5 billion Sukuk Musharakah Programme for Sustainability Sukuk in FY2020. For the third consecutive year, Malaysian Rating Corporation Berhad (“MARC”) reaffirmed its investment-grade rating of AA+_{IS} with a stable outlook for the Sukuk in 2023. • Sime Darby Property employs a monetisation approach to divest low-yielding and non-core investment assets, as well as land. Proceeds from these disposals are channelled back into internal working capital and business expansion initiatives. • As part of its strategic development in Malaysia Vision Valley 2.0, the Group acquired 760 acres of land in Labu in October 2021. More recently, we have completed the acquisition of 949 acres of land in Sungai Kapar, Klang on 23 August 2023. Both these sites have been earmarked for industrial developments, aligning with the Group’s strategy to transform and expand plans while maintaining prudent capital management principles. • The Group utilises joint ventures and partnerships for project funding on catalyst investment assets and business expansion. In September 2021, the Group formed a joint venture with LOGOS Property, a renowned Asia Pacific logistics specialist, to develop and manage a fund management platform for the expansion of our Industrial & Logistics Development activities. The Group has successfully secured commitments for the remaining 30% or RM300.0 million to close the fund at RM1.0 billion from local institutional investors and high net worth individuals, alongside Sime Darby Property and LOGOS Property as sponsors and co-investors. • Sime Darby Property aims to maintain a Gearing ratio of not exceeding 50.0%. As of 31 December 2023, the Group’s gross and net D/E ratios stood at 28.6% and 22.7%, respectively. Sime Darby Property remains vigilant in monitoring its gearing level periodically to ensure sustainability. • The Group recognises the importance of maintaining a healthy cash position to ensure liquidity. As of 31 December 2023, Sime Darby Property’s cash and cash equivalents amounted to RM602.6 million. • Sime Darby Property consistently strives to maximise shareholders’ returns. For the financial year under review, the company achieved a dividend payout ratio of 41.7%, declaring a total dividend of 2.5 sen per ordinary share for its shareholders.
Overseas Exposure	<p><u>Battersea Power Station Project</u></p> <ul style="list-style-type: none"> • As of 31 December 2023, we have completed three residential phases and two commercial spaces in the BPS project, with KOA at Electric Boulevard being the most recent residential building completed in December 2023. In FY2023, residential sales amounted to 131 units with a total value of £210 million. A total of 135 units with a value of £243 million have been legally completed and handed over to residents. • Commercial spaces in Phase 2 and 3A are 90% and 85% leased, with an increase of 45% in Year-on-Year footfall at the Power Station boding well for the future. • Financial performance in 2024 is expected to improve in tandem with lower holding costs as more units get leased out, paired with improved rental income following the expiry of rental rebates. We also expect the stabilisation of interest rates, with a potential rate reduction, to enhance demand within the overall UK residential market. • The Group will explore other international expansion opportunities as they arise, leveraging our presence via the BPS Project in the UK and the experience gained from managing the project.
Board & Management Leadership and Employee Capabilities	<ul style="list-style-type: none"> • The Board is chaired by Dato’ Rizal Rickman Ramli, who also serves as the Chief Investment Officer of Private & Strategic Investments at Permodalan Nasional Berhad. The Board comprises experienced members with extensive expertise and knowledge of the economy, property industry, regulations and governance practices. • Sime Darby Property is led by the experienced Dato’ Azmir Merican and an Executive Leadership team with proven track records across various fields, including the real estate and property sectors. They are supported by a team of talented and committed employees within the Group. • Sime Darby Property prioritises the development and maintenance of a competent and sustainable talent pool to ensure seamless succession planning.

PERFORMANCE REVIEW

Investor Information

SHARE PRICE AND MARKET CAPITALISATION

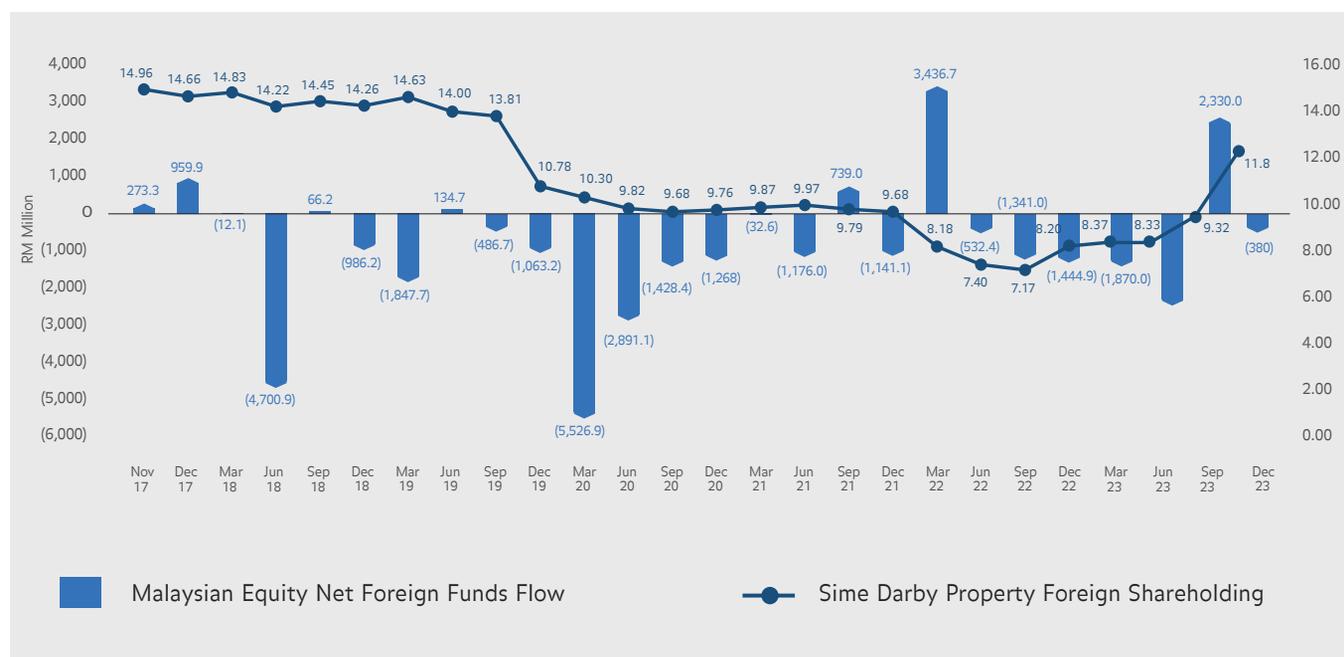
FY2023	Mar-23	Jun-23	Sep-23	Dec-23
Price – Highest (RM)	0.54	0.50	0.75	0.68
Price – Lowest (RM)	0.45	0.45	0.47	0.57
Market Cap on Last Trading Day (RM Billion)	3.30	3.16	4.73	4.25
Average Daily Volume (Million Shares)	2.70	2.34	18.48	20.72

SHARE PRICE & VOLUME



SIME DARBY PROPERTY'S TOTAL SHAREHOLDER RETURN (TSR) VS FBM KLCI & BURSA MALAYSIA PROPERTY INDEX

	November 2017– December 2023	January 2022 – December 2022	January 2023 – December 2023
Sime Darby Property (TSR)	-38.6%	-27.0%	45.4%
FBM KLCI Index	-15.3%	4.2%	-1.3%
Bursa Malaysia Property Index	-29.2%	-5.5%	34.2%


SIME DARBY PROPERTY'S MONTHLY FOREIGN SHAREHOLDING AND MALAYSIAN EQUITY NET FOREIGN FUNDS FLOW


WHAT WE DO

Our Property Development segment develops and sells a variety of properties, specialising in landed and high-rise residential homes as well as industrial themed developments. Presently, we possess approximately 8,400 acres of developable land, with an additional 5,200 acres earmarked for future developments. Our land banks are primarily situated in the Klang Valley, as well as in Negeri Sembilan and Johor.

Operations
Review

Property Development

OUR PORTFOLIO



➔ Park One, Melawati

TOWNSHIP AND INTEGRATED DEVELOPMENT

With an impeccable track record spanning more than five decades, the Group has consistently delivered quality landed and high-rise properties across the residential, commercial and industrial development spectrum. Our diverse portfolio encompasses affordable homes, luxury residences, malls, eco-parks, office buildings, shop lots and industrial business parks, enabling us to capture various market segments and cater to different lifestyle preferences, affordability and business needs. Most recently, the Group launched the first serviced apartment, Hype Residences, at our new SJ7 mixed integrated development located in the mature USJ neighbourhood.



➔ Aerial view of Elmina Business Park, City of Elmina

INDUSTRIAL AND LOGISTICS DEVELOPMENTS

With the goal of broadening our product range in the industrial development sector, we are actively growing our industrial development footprint through projects at Elmina Business Park in Shah Alam, Bandar Bukit Raja in Klang, Serenia City in Sepang, Hamilton Nilai City and XME Business Park in Negeri Sembilan. As part of our diversification efforts, we remain committed to optimising our industrial assets and buildings portfolio to sustain revenue while maintaining healthy profit margins.



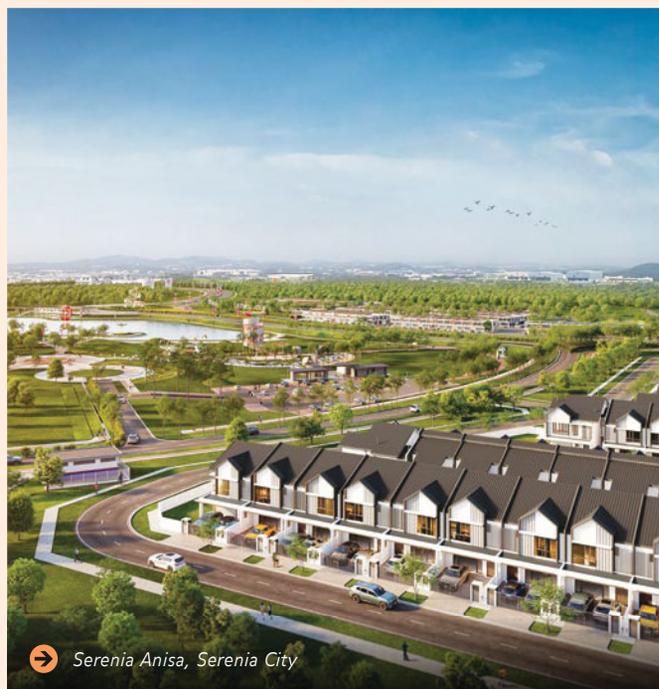
➔ Battersea Power Station

BATTERSEA POWER STATION

The Battersea Power Station, one of London's most iconic landmarks, opened in FY2022 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.

OPERATIONS REVIEW

Property Development



→ Serenia Anisa, Serenia City

KEY BUSINESS DEVELOPMENTS IN 2023

Despite various headwinds affecting property development, most notably an increase in the cost of materials, Sime Darby Property capitalised on recovering consumer sentiment fuelled by the economic rebound to launch a total of 37 projects during the year. These projects had a combined GDV of RM4.0 billion and garnered an average take-up rate of 75%.

Ten (10) launches comprised industrial products with a total GDV of RM689 million. Our impeccable track record at Elmina Business Park, Serenia City and XME Business Park in Nilai Impian continued into 2023 as four developments within these projects achieved a remarkable 100% take-up rate, reflecting strong demand from the market and underscoring our growing reputation as a developer of desirable industrial parks.

The remaining launches primarily consisted of residential products. Landed residential products launched comprised a total GDV of RM1.5 billion and achieved an average take-up rate of 73%. Standout projects with notable take-up rates included Anisa in Serenia City and Emilia in Nilai Impian.

Meanwhile, high-rise residential launches contributed to a total GDV of RM1.4 billion. These launches included Teja in SJCC, Serasi Residences in Putra Heights and Hype Residences in SJ7, with the latter being the first serviced apartment launched in our new SJ7 mixed integrated development.

OUR KEY FOCUS AREAS



Ensuring all financial and operational goals and targets are met.



Speeding up placemaking initiatives and execution plans to enhance the quality and value of our townships.



Leveraging technology and innovation to increase operational efficiencies.

OVERVIEW OF BUSINESS ENVIRONMENT

While we started the year with a prudent approach, the national real estate landscape turned favourable as 2023 progressed. Economic optimism supported an increase in domestic demand while improving labour market conditions and stabilising interest rates, alongside favourable government policies, empowered us to expand our launches and construction activities during the year.

Leveraging the surge in demand, we attained total sales of RM3.3 billion in 2023, surpassing our annual sales target by a significant margin. Our strategic focus on diversifying our residential portfolio was evident in our product mix, with high-rise offerings constituting 34% of our new launches in 2023, a notable increase from 12% in the preceding year.

In response to evolving market and stakeholder expectations for greater placemaking and sustainability initiatives, we simultaneously ramped up our efforts to execute placemaking initiatives to enhance the value of our townships and integrate sustainability elements into our development plans.

BUSINESS PERFORMANCE REVIEW

Strategic Focus

Expand revenue streams through increasing diversification into premium and high-value products, thereby optimising our margins.

Provide desirable products with the right pricing, aligned with market demand.

Further strengthen placemaking capabilities to add value to our developments, while involving more community-centric events and engagements.

Progress Updates

- > Launched a new premium product
 - Elmina Peak, a homestead-style project in City of Elmina.
- > Undertook high-value product launches
 - Achieved strong reception to industrial products in Bandar Bukit Raja, Serenia Industrial Park in Serenia City and XME Business Park in Nilai Impian.

Successfully achieved take-up rates of over 90% for the following projects:

- > Residential
 - Anisa in Serenia City
 - Emilia in Nilai Impian
 - Teja in SJCC
- > Industrial
 - Elmina Business Park
 - Cipta Utara in Serenia City
- > Commercial
 - Temu 2 in City of Elmina

The following value-added projects and amenities were activated in 2023:

- > KL East Park – Opened in February.
- > Glades Plaza – Revitalised Glades Plaza by bringing in sought-after retailers such as Starbucks (Opened in June) and Jibby & Co. (Opened in August).
- > PARC @ Taman Subang Ria – Opened in June.
- > Bandar Bukit Raja Townpark – Featuring three Malaysia Book of Records entries for the Largest Recreational Park with Renewable Energy, the Largest Crown Structure and the Biggest Solar-Powered Signage. Officially opened in December.

The following community-centric events and engagements were undertaken:

- > Launched a community event to revive Glades Plaza
 - A monthly thematic BuzzarRia
- > Organised niche curated activities at the International Gallery within our KLGCC Resort township:
 - Anniketyni Art Exhibition
 - Robert Wan Event
 - Grand Raya Bazaar
- > Organised environmental, social and sporting events and activities within our township parks:
 - Sime Darby Property Family Fitness Fun Day, KL East Park
 - International Canoe Race, Bandar Universiti Pagoh
 - Citizen Scientist at Elmina Rainforest Knowledge Centre, City of Elmina

OPERATIONS REVIEW

Property Development

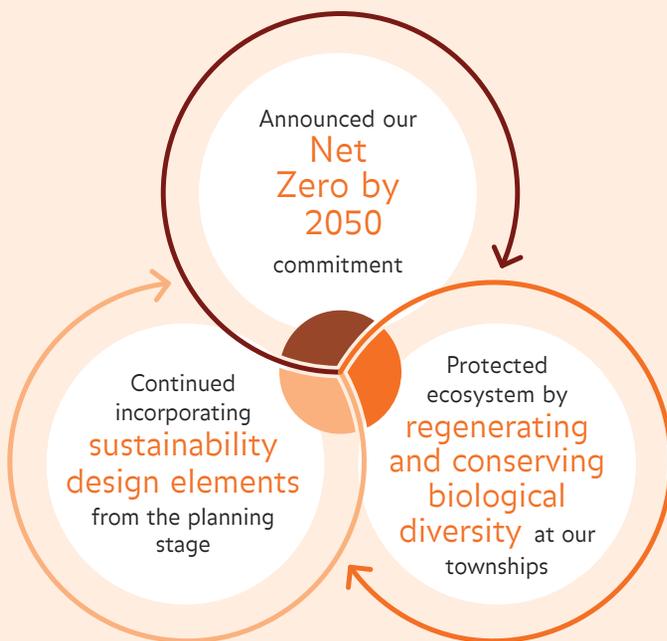
BUSINESS HIGHLIGHTS

Launched the new Elmina Peak high-end development in City of Elmina

Registered encouraging take-up rates across all projects

Launched our first serviced apartment at our new SJ7 mixed integrated development

SUSTAINABILITY HIGHLIGHTS



MALAYSIA PROPERTY AWARD 2022 (FIABCI - MALAYSIA CHAPTER)

Sustainable Management Category:

Environmental & Landscape Management Awards (Excellence) | City of Elmina and Serenia City

Developer Category:

Landscape Master Plan Awards (Honour) | City of Elmina and Bandar Bukit Raja

Developer Category:

Completed Project Awards (Excellence) & Landscape Resource Preservation & Conservation Award | KL East Park



➔ Elmina Peak, City of Elmina



CHALLENGES AND MITIGATION

Challenge	Mitigation
Nationwide labour shortage disrupting the construction sector	Explore new construction methods and leverage technology to enhance product and process efficiencies, reducing reliance on labour.
The rising cost of construction materials impacting developer margins, potentially leading to an increase in property selling prices	Employ effective procurement strategies and maintain strong financial discipline to manage cost increases while ensuring a healthy profit margin.

OUTLOOK AND PROSPECTS

The outlook for 2024 appears optimistic, with expectations of strong performance and robust confidence in the property market. In the Klang Valley, the industrial property segment is witnessing growth, buoyed by heightened demand from end-users, manufacturers and investors. Additionally, high-rise residential developments are experiencing rapid expansion, driven by factors such as land scarcity and affordability, leading to increased acceptance of high-rise living.

As we align with market demand, we remain vigilant in managing our costs, particularly as we seek to maintain healthy profit margins amidst an environment of sustained high prices for building materials. Moving forward, we will place emphasis on the following three key focus areas to foster business growth and stability.

Financial Sustainability	Balancing and Expanding Portfolio to Invest for Future Growth	Placemaking, Sustainability and Innovation
<ul style="list-style-type: none"> > Maintain a consistent pipeline of launches to drive healthy financial growth. > Increase operational efficiency by launching products that are strategically priced and tailored to market demand, while ensuring prudent cost management to mitigate costs overrun and protect our margins. 	<ul style="list-style-type: none"> > Broaden revenue streams via product diversification. > Prioritise growth within our recurring income businesses. 	<ul style="list-style-type: none"> > Develop new placemaking capabilities to manage and maintain placemaking assets for optimum social, economic and environmental vibrancy. > Continue driving sustainability and biodiversity initiatives. > Leverage on technology and innovation for operational excellence.



WHAT WE DO

Our Investment & Asset Management ("IAM") segment provides recurring income through rental of investment properties, mall operations, returns from our concession business and investment, and fee-based income via our Industrial Development Fund ("IDF").

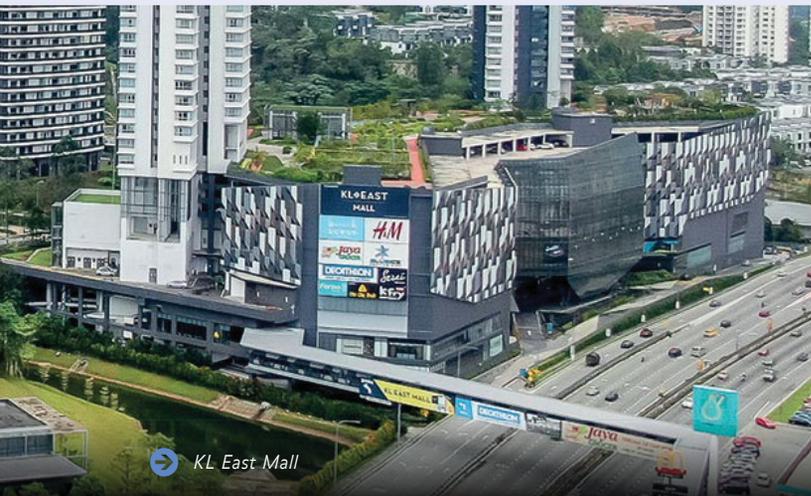
Operations

Review

Investment & Asset Management

OUR PORTFOLIO

Our investment portfolio comprises a diverse range of assets in the retail, commercial and industrial & logistics spaces across Malaysia & UK, encompassing a total net lettable area (“NLA”) of approximately 7.7 million sq. ft.



 KL East Mall



 ReGen Rehab Hospital

RETAIL

- > KL East Mall within the KL East development, with an NLA of 401,000 sq. ft.
- > Melawati Mall in Taman Melawati, with an NLA of 615,000 sq. ft. (A 50:50 JV with CapitaMalls Asia Ltd)
- > Glades Plaza at Putra Heights, with an NLA of 36,000 sq. ft.
- > Two new malls to be rolled out in 2024/2025, with the Elmina Lakeside Mall at the City of Elmina set to launch to the public in Q3 2024, while Senada Mall is expected to open its doors in FY2025. These malls have an NLA of 207,000 sq. ft. and 219,000 sq. ft., respectively.

COMMERCIAL/OFFICE

Our commercial/office assets in the Klang Valley comprise of Wisma MRT, ReGen Rehab Hospital and various assets within the premises of our corporate headquarters in Oasis Square, including Block F & Block G. Presently, our commercial/office assets in Malaysia boasts an average occupancy rate of 96%.

Our overseas commercial asset includes the Battersea Power Station in the United Kingdom, held via a joint venture (“JV”).



 Metrohub 2, E-Metro Logistics Park, Bandar Bukit Raja

INDUSTRIAL & LOGISTICS DEVELOPMENT (“ILD”)

Sime Darby Property MIT Development Sdn. Bhd. (“SDPMIT”), a JV partnership between Sime Darby Property, Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd, is in the midst of developing the Bandar Bukit Raja Industrial Gateway in Bandar Bukit Raja 1. To-date, the JV has completed two built-to-suit (“BTS”) facilities and a ready-built warehouse (“RBW”) with pre-committed tenants.

CONCESSION ARRANGEMENT

Sime Darby Property Selatan (“SDPS”), a JV with Tunas Selatan Pagoh Sdn. Bhd., provides asset management services under a concession arrangement for the campus facilities and infrastructure at the Pagoh Education Hub in Bandar Universiti Pagoh, Johor. The hub currently accommodates four higher educational institutions, namely Universiti Teknologi Malaysia, International Islamic University Malaysia, Universiti Tun Hussein Onn Malaysia and Politeknik Tun Syed Nasir Syed Ismail.

FUND MANAGEMENT

Through the JV with LOGOS SE Asia Pte Ltd (“LOGOS Property”), Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (“IDF”), has secured commitments for the remaining RM300.0 million to close the fund at RM1.0 billion from local institutional investors and high net worth individuals, alongside Sime Darby Property and LOGOS Property as sponsors and co-investors of the IDF. To date, the JV has commenced construction of its first development, the E-Metro Logistics Park in Bandar Bukit Raja.

OPERATIONS REVIEW

Investment & Asset Management

KEY BUSINESS DEVELOPMENTS IN 2023

Executing Growth and Sustainability Strategies

Recognising the potential for sustainable growth within our IAM segment, we have begun implementing longer term strategies in accordance with our SHIFT25 transformation plan. A core component of our approach is undertaking a double-pronged strategy of growing our asset portfolio both organically via Build-to-Core (“BTC”) developments, and inorganically via acquisitions and fund formations. To guide our efforts, we have developed a Strategic Asset Allocation framework to build a resilient portfolio with a balance between defensive and cyclical assets for optimal risk adjusted returns.

Over the year, we delivered on multiple fronts, making progress on our BTC strategy across our townships and further expanding and diversifying our assets under management (“AUM”). In our efforts to explore asset classes adjacent to real estate, we initiated new projects in the renewable energy infrastructure space. These ongoing projects include the provision of rooftop solar solutions for Sime Darby Property’s owned assets, exploring residential rooftop solar solutions to support the government National Energy Transition Roadmap (“NETR”), as well as the potential development of solar farms at our future developable landbanks.

To this end, we have signed an MOU with Tenaga Nasional Berhad (“TNB”), marking the start of a strategic partnership for the exploration and development of sustainable energy initiatives.

Operational Progress

For our existing assets, we placed our focus over the past year in driving our operational efficiency and profitability with a predetermined asset level Net Property Income (“NPI”) yield threshold. The past twelve months saw the commendable performance of our first wholly-owned KL East Mall (“KLEM”), and with a combination of cost reduction and revenue enhancement initiatives, KLEM is on-track to achieve the Group’s NPI yield requirements by FY2024. Moving forward, our retail division is set to operationalise two new malls in between FY2024 and FY2025, both of which will serve the dual strategic purpose of enhancing value within Sime Darby Property’s townships while generating stable recurring income for the Group.



→ Elmina Lakeside Mall, City of Elmina

IDF has commenced construction, with Metrohub 1 and Metrohub 2 currently under progress and has secured the first pre-committed tenant, J&T Distribution Solutions Sdn Bhd (“J&T”), for 21% of the NLA with an option to expand for an additional 23% of the NLA.

Developing our People

In a bid to enhance the development of our people’s capabilities, we have enhanced our organisation structure to strengthen our leadership bench and support talent development at IAM. This includes hiring key personnel to bolster our capabilities for investments & fund management, marketing & leasing, and asset management in tandem with our AUM and recurring income growth ambitions.

OUR KEY FOCUS AREAS

Expanding income streams by building a portfolio of recurring income assets, from rental income and fee-based income.

Focusing on three main businesses, namely:

- Investments;
- Fund Management;
- Operations (Retail, Asset Management, Concession Arrangement).

Executing these businesses via the following operating models:

- Joint ventures & partnerships;
- New fund formation.

OVERVIEW OF BUSINESS ENVIRONMENT

Malaysia’s economic growth recovery in 2023, underpinned by a strong pick-up in domestic demand and improving labour market conditions, alongside favourable government policies, provided a solid foundation for the real estate sector. Against this backdrop, we have successfully completed two BTS facilities and one RBW at the Bandar Bukit Raja Industrial Gateway, and a further two RBWs under construction at the E-Metro Logistics Park.

Despite facing one of the most challenging fundraising environments globally for private equity real estate, we have secured commitments for the remaining RM300.0 million to close the fund at RM1.0 billion by proactively engaging with close to 100 potential investors, as well as extending outreach efforts to include institutional funds and high-net-worth individuals (“HNWIs”).

As domestic demand has showed signs of recovery, tenancy has picked up in our existing malls such as KLEM, where key anchor tenants including GSC and Camp5 were secured. Development of our new malls in the City of Elmina and Senada Integrated Development have also made significant progress, with both projects on track to be operationalised within the coming years.

In 2023, key economic initiatives and policy reforms by the MADANI government, notably the New Industrial Master Plan 2030 (“NIMP 2030”) and the National Energy Transition Roadmap (“NETR”), have presented opportunities for the Group to diversify into sectors adjacent to real estate. These include ventures into the renewable energy space via rooftop and solar farms, as well as new economy infrastructure assets such as data centres.

Strategic Focus	Progress Updates
Fund Management	<p>Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (“IDF”)</p> <ul style="list-style-type: none"> > The fund has continued to capitalise on investors’ appetite for defensive and growth assets, with the objective of deriving recurring income. > Construction of Metrohub 1 and Metrohub 2 at the E-Metro Logistics Park is ongoing with expected completion by 2024. > Secured commitments for the remaining RM300.0 million to close the fund at RM1.0 billion.
Investments	<p>Organic strategy (Build-to-Core)</p> <ul style="list-style-type: none"> > As part of our BTC strategy, Property Development & IAM segments have collaborated to develop a pipeline of BTC assets in strategic locations across townships, as we grow our recurring income base. > As part of this strategy, we aim to retain key strategic assets within township developments. <p>Inorganic strategy (Acquisitions)</p> <ul style="list-style-type: none"> > We have established a secondary investment growth strategy that involves the acquisition of ready built, tenanted Core, Core+ and potentially Value-Add assets. > We are identifying opportunities to diversify our existing recurring income base from industrial and office assets.

OPERATIONS REVIEW

Investment & Asset Management

Strategic Focus	Progress Updates
Existing Assets	<p>Retail</p> <ul style="list-style-type: none"> > We are increasing our operating efficiency via revenue enhancement and cost reduction initiatives at KL East Mall to drive our NPI yield in 2024. A new key tenant was secured at the mall in 2023, with Camp5 opening its doors in August 2023. > Three new malls have been added to our retail asset base: <ul style="list-style-type: none"> - Elmina Lakeside Mall (Q3 2024) - Glades Plaza - Senada Mall (2025) <p>Commercial/Office Assets</p> <ul style="list-style-type: none"> > Our Asset Management team is carrying out efforts to increase occupancy, reduce operating costs & implement sustainability initiatives at our office and commercial assets, while evaluating Asset Enhancement Initiatives ("AEI") where necessary.
Infrastructure Investments	<p>Solar Energy Projects</p> <ul style="list-style-type: none"> > We will undertake solar energy generation via rooftop solar systems on existing assets and through the development of solar farms in our future developable landbanks. > Our expansion into this sector allows us to leverage on our competitive advantages, including our position as a property developer with large rooftop spaces and landbanks, relationships with end customers and tenants, as well as our investments and fund management capabilities. > Ongoing initiatives include: <ul style="list-style-type: none"> - Commercial rooftop solar solutions for the Group's asset portfolio; - Residential rooftop solar solutions under NETR; and - Solar farm developments. > Our increasing expertise in renewable energy will further enable the Group to support carbon reduction initiatives and catalyse projects under the government's NETR.

BUSINESS HIGHLIGHTS

The completion of two BTS facilities and one RBW at the Bandar Bukit Raja Industrial Gateway, and a further two RBWs under construction at E-Metro Logistics Park

Secured our first tenant at E-Metro Logistics Park

Camp5 opened at Level 1 of KLEM on 1 August 2023

Welcomed visits from the Duli Yang Maha Mulia Seri Paduka Baginda Raja Permaisuri Agong, as well as the Minister of Higher Education at Pagoh Education Hub ("PEH")

Achieved 90.35% physical occupancy at KL East Mall

GSC has selected KLEM as one of six new sites for its latest IMAX screen feature, with opening expected in May 2024

SUSTAINABILITY HIGHLIGHTS



Initiated new commercial, residential and solar farm initiatives.



Signed MOU with TNB to explore and develop sustainable energy initiatives.

AWARDS AND RECOGNITION

IIUM Takrim (“Quality Day”) 2023:

“The Best Commercial Partner” Award | Pagoh Education Hub

SAFETY AND HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION (“SHASSIC”)

- > 5 Star rating for Metrohub 2 & Metrohub 1 at E-Metro Logistics Park

CHALLENGES AND MITIGATION

Challenge	Mitigation
Building up our brand and track record in investment and fund management	<ul style="list-style-type: none"> > Develop partnerships or undertake acquisitions of platforms for new fund formation and to raise 3rd party capital. > Adopt a multi-pronged approach that extends to building or acquiring assets beyond the Group’s own landbank/developments to grow AUM.
Risk of development delays	<ul style="list-style-type: none"> > Control construction costs through value engineering, as well as undertake regular project progress reviews. > Implement stringent pre-qualifications for consultants and contractors, with increased emphasis on contractors’ value-added capabilities and on-hand manpower.

OPERATIONS REVIEW

Investment & Asset Management

 Metrohub 2, E-Metro Logistics Park, Bandar Bukit Raja

OUTLOOK AND PROSPECTS

Looking forward, the Group is in an encouraging position to capitalise on new government roadmaps and frameworks such as the NIMP 2023 and NETR. As a Government-linked Company (“GLC”) with strategic landbanks and townships, coupled with the development ability to execute new economy infrastructure such as renewables, data centers and industrial & logistics projects, we aim to leverage on ongoing initiatives and megatrends driving these sub-sectors to enhance the value of our portfolio.

Meanwhile, we expect domestic interest rates to remain favourable despite a global climate of high interest rates, with national inflation largely under control in comparison with global counterparts. While capital outflows have weakened the ringgit, the current environment is favourable for Multinational Corporations (“MNCs”) to establish operations in Malaysia to benefit from a lower cost of doing business. This will enhance the nation’s ability to attract foreign entities to our industrial and commercial parks.

As we progress, we will take note of prevailing trends across our various asset classes. For Industrial & Logistics, our outlook remains positive based on strong fundamentals, despite moderating capitalisation rates within the sector. For commercial assets, while there remains a heavy supply of offices within the Central Business District (“CBD”), we have noted a growing preference for decentralised working spaces in fringe communities with good connectivity. For retail assets, neighbourhood malls are being favoured by developers for defensive qualities, further supported by economic factors such as a growing middle income class population.

We are also cognisant of broader real estate trends relevant to our IAM operations, and will seek to capitalise on factors within and beyond the ESG spectrum, taking into account demographic shifts in social infrastructure, the advent of defensive digital infrastructure trends, and factors linked to the energy transition and net zero ambitions.

Key market dynamics include shifts and contrasts in demographic behaviours within the housing sector, exemplified by an aging baby boomer population driving the demand for senior housing options, while the younger generation are delaying or avoiding home purchases. The potentially migratory nature of the latter category may increase demand for co-living or serviced residence type accommodations in future.

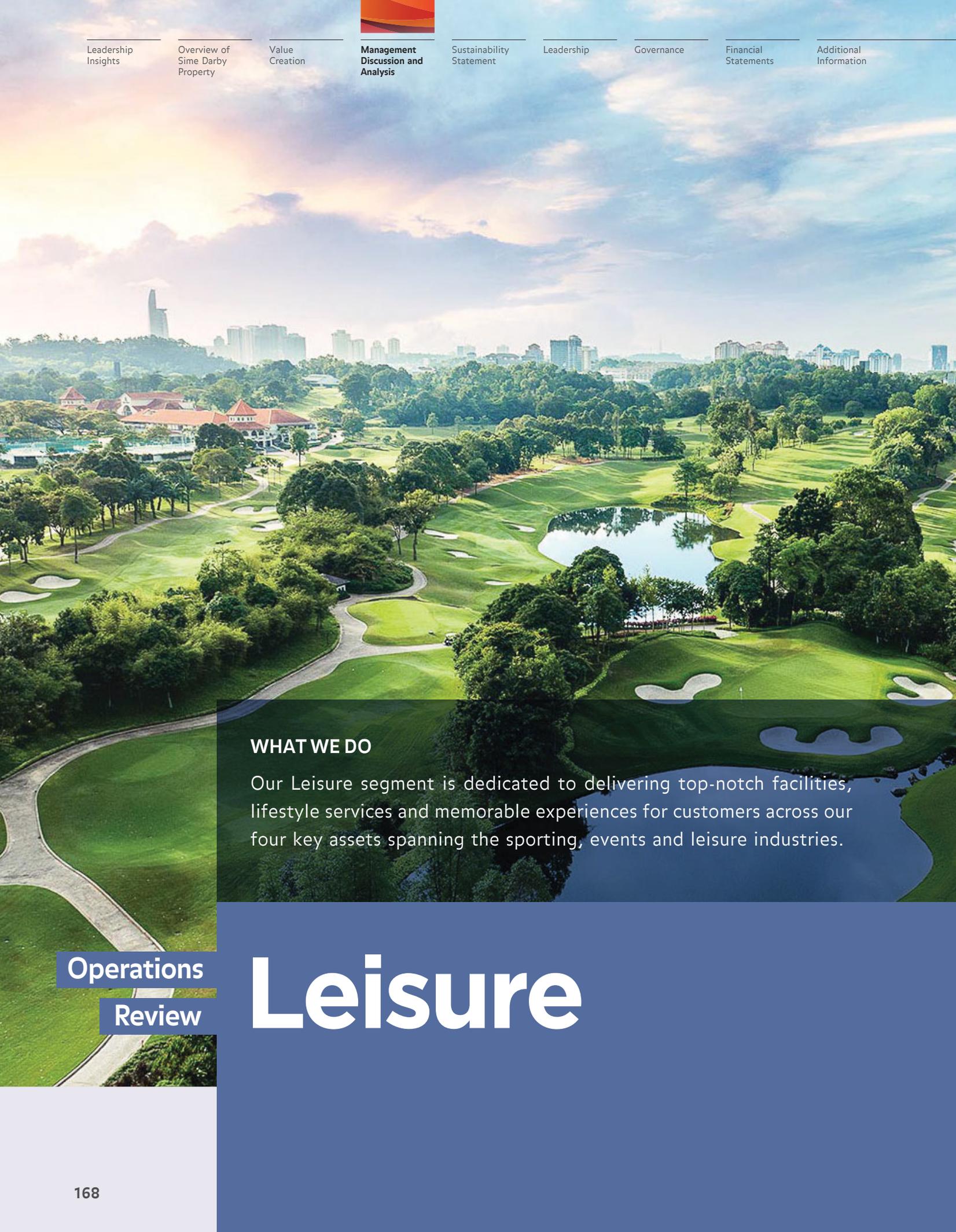
From an industry standpoint, there is a growing need for remote data and security centres in line with increasing adoption of Cloud Computing, Adaptive AI, Machine Learning, IoT and Cross-border cybersecurity. We foresee a secular growth trajectory for data centre spaces in the Asia-Pacific region as digitalising economies boost the demand for modern infrastructure assets.

We are also seeing increasing institutionalisation of niche sector assets such as senior housing, medical offices and Purpose-Built Student Accommodation ("PBSA"), revealing new opportunities to diversify our asset portfolio. Concurrently, we are vigilant of an ongoing evolution in the recalibration and optimisation of office workspaces, with the embracing of hybrid working arrangements and co-working spaces indicating a long-term absorption of trends precipitated by the pandemic. This is especially prevalent amongst MNCs and new economic sectors that feature a young labour force.

Having made substantial progress in expanding our business model and exploring new opportunities for lateral growth in recent years, we have laid a strong foundation to drive significant growth within our IAM segment for the foreseeable future.



➔ The Glades Plaza, Putra Heights



WHAT WE DO

Our Leisure segment is dedicated to delivering top-notch facilities, lifestyle services and memorable experiences for customers across our four key assets spanning the sporting, events and leisure industries.

Operations
Review

Leisure

KUALA LUMPUR GOLF & COUNTRY CLUB ("KLGCC")



With lush and expansive grounds covering 279 acres of the KLGCC Resort, this award-winning club stands as a world-class venue ideal for hosting prestigious events.

SIME DARBY CONVENTION CENTRE ("SDCC")



Convention Centre

A premier event venue located in the KLGCC Resort, featuring a 17,500 sq. ft. ballroom with a capacity of 2,600 pax, along with 17 function rooms.

IMPIAN GOLF & COUNTRY CLUB ("IGCC")



A well-accessible 142-acre golf and country club within the mature Saujana Impian Township in Kajang, adorned with lush green landscapes for all to enjoy.

BAYUEMAS SPORTS AND EVENTS COMPLEX ("BAYUEMAS")



A sports complex in Klang, featuring a cricket stadium equipped to host both local and international tournaments.

KEY BUSINESS DEVELOPMENTS IN 2023

In 2023, Leisure achieved the highest revenue since the 2017 demerger at RM93.7 million.

The key highlight of the year for the Leisure segment was hosting the Maybank Championship sanctioned by the Ladies Professional Golf Association ("LPGA") at KLGCC in October 2023. This tournament featured the participation of 78 professional golfers and witnessed an impressive turnout of over 50,000 spectators over four days. The homecoming of this prestigious tournament underscores our West Course's reputation as amongst the best in Asia, and we are pleased to have committed to hosting the tournament for the next two years. This provides an opportunity to showcase Malaysia and ASEAN to a global audience through the LPGA network, which is broadcasted in over 170 markets and 560 million households.

In recognition of KLGCC's commitment to delivering world-class golf experience, KLGCC's West Course was listed as one of the Top 100 Golf Course in Asia 2023. KLGCC also won the Best Tourism Destinations award at the esteemed Hospitality Asia Platinum Awards ("HAPA") Malaysia Series 2023-2024 as well as the HAPA Resilience Award for the West Course.

With the growing demand for KLGCC membership over the past twelve months, we have placed emphasis on upgrading our golf facilities, giving our club cutting-edge new gym equipment and refurbishing our badminton courts to provide our fitness and sports enthusiasts with better facilities and elevate their experience.

Beyond golf and sports facilities, we have also improved the food & beverage offerings at KLGCC by bringing in tenants specialising in Korean barbeque and all-day casual dining. KLGCC also started its first food & beverage outlet outside the clubhouse under the name 18 LAB by KLGCC in Ara Damansara.

At SDCC, we continue to see strong banquet demand. For our popular Dapur Ramadan buffet, a 15% growth compared to FY2022 was recorded.

IGCC hosted the inaugural Korean Winter Camp in 2023 which is a programme to cater to the influx of Korean golfers that arrive in Malaysia to play golf during winter.

OUR KEY FOCUS AREAS

Ensure financial stability and growth over the next three years.

Continue to deliver five-star hospitality and ensure operational efficiency.

Enhance lifestyle services and activities at the heart of the KLGCC Resort township.

Operationalise Safety & Sustainability towards Goal Zero & Net Zero targets.

Digitalise systems, improve digital applications and upgrade IT infrastructure.

OPERATIONS REVIEW

Leisure

OVERVIEW OF BUSINESS ENVIRONMENT

The business environment for Leisure has been positive in 2023 where we saw encouraging demand for memberships and services. This is evidenced by a 4.0% increase in total memberships at KLGCC, reaching 4,060 units over the past twelve months. This increase was mainly driven by social memberships taken up by younger members and families. Whilst golf remained the primary activity for most members, other facilities such as the swimming pool, badminton courts, driving range, squash and bowling alley were also popular. Notably, F&B outlets consistently experienced high levels of activity, catering to both members and guests.

From an operational perspective, shortage of manpower has been a concern for Leisure and we have been taking proactive measures to enhance efficiencies while maintaining the high level of standards that our brand is synonymous with. We have invested in modern machineries to ensure golf course maintenance activities can be carried out in an efficient manner.

To ensure we continue to meet the expectations of our discerning members and guests, we have organised customer services training to upskill Leisure's employees on customer first mindset to provide better customer experience.

BUSINESS PERFORMANCE REVIEW

Strategic Focus	Progress Updates
Regaining recognitions	<ul style="list-style-type: none"> > Successfully hosted the prestigious Maybank Championship – sanctioned by the LPGA at KLGCC in October 2023, marking a significant post-Covid milestone to regain our global standing. > KLGCC will continue to be the host for Maybank Championship – sanctioned by the LPGA for the next two years.
Enhancing customer experiences	<ul style="list-style-type: none"> > Refurbished the KLGCC gymnasium with cutting edge equipment powered by Technogym to elevate the fitness experience. > Refurbished the KLGCC badminton courts, bolstering the quality of amenities offered to our sports enthusiasts.
Driving positive change to improve workforce engagement	<ul style="list-style-type: none"> > Implemented a skip level townhall for all leisure employees (minus GM & HODs), addressing their concerns and fostering open communication, conducted PVMV sessions to boost staff engagement, as well as organised Customer 1st Mindset training to uplift service standard. > Undertook frequent dialogues with all employees to encourage feedback.
Diversifying events offerings	<ul style="list-style-type: none"> > Successfully grew events at both KLGCC and SDCC, such as the Dapur Ramadan event. > A total of 1,068 successful events were held in 2023 with a revenue of RM21.74 million, compared against 1,011 events and RM15.80 million revenue in 2022.
Creating memorable cultural journeys	<ul style="list-style-type: none"> > Launched a Korean Winter Camp in IGCC to cater to Korean golfers visiting Malaysia during their wintertime. > The event marked a successful start in 2023. Moving forward, the event is planned to be held annually in cooperation with existing Korean tourism agencies.

BUSINESS HIGHLIGHTS

Hosted the prestigious Maybank Championship – sanctioned by the LPGA at KLGCC in October 2023

Refurbished gym and sporting facilities at KLGCC

Held 295 successful events in SDCC, reflecting a revenue of RM13.2mil in FY2023

SUSTAINABILITY HIGHLIGHTS

- > Began efforts to digitalise our booking system, enhancing accessibility and fairness while reducing paper usage.
- > Set commitments for becoming an urban biodiversity champion and commenced journey towards carbon neutrality, which resulted in KLGCC becoming the first and only certified Audubon Cooperative Sanctuary for Golf in Malaysia.

AWARDS AND RECOGNITION

Hospitality Asia Platinum Awards Malaysia Series 2023-2024 (HAPA Malaysia):

- > Best Tourism Destinations Award | KLGCC
- > HAPA Resilience Award | KLGCC West Course

Top 100 Golf Courses

- > Top 100 Golf Courses in Asia 2023 List | KLGCC West Course

2023 STAR ESG Positive Impact Awards

- > Silver Winner for Environmental Category - Energy Efficiency Category | KLGCC
- > CEM Award of Excellence in Energy Management | KLGCC

CHALLENGES AND MITIGATION

Challenge	Mitigation
Asset lifecycle and manpower challenges	> Implement schedule maintenance work to rectify all assets and expedite recruitment efforts to address manpower gaps.
Ensuring prime golf course conditions	> Schedule routine maintenance activities at course to prevent further deterioration.
Overwhelming demand for better golf teeing time and booking system	> Digitalise the booking system. > Foster fair booking practices for all members, standardising all booking through our KLGCC app and implementing a 7-day advance booking policy.

OUTLOOK AND PROSPECTS

We are optimistic of seeing a continuing upward trend in revenue as upgrades to our facilities, products and services, along with the implementation of fair digital booking practices, drive an increase in the number of sporting, dining and other leisure activities. Simultaneously, we are seeking to heighten productivity and performance amongst staff, putting into place incentive schemes to encourage and reward high performers.

We will also leverage on our hosting commitments for the next two editions of the Maybank Championship – sanctioned by the LPGA to grow our membership count and increase loyalty and engagement amongst existing members.

We also see potential in the growth of our Korean Winter Camp initiative, which has already marked a significant increase in revenue during the early months of 2024. While our ability to bring Korean golfers in during their winter season is limited due to the number of available slots, the demand from our members and local golfers underscores healthy growth prospects for this event moving forward.



Our journey towards advancing sustainability is driven by our commitment to operate in a manner that respects the interests of our stakeholders while protecting the environment. 2023 has been a year where we prioritised on enhancing our sustainability strategies, intensifying engagement with our stakeholders, and mobilising business transformation initiatives – all critical areas that help us drive excellence as a leader of sustainable development.

Sustainability Statement

SUSTAINABILITY FRAMEWORK

Our sustainability framework serves as a strategic blueprint for integrating sustainable practices into the core of our business. This framework reflects the key sustainability dimensions that are important to our business operations and its impacts and the key dimensions are energy efficiency, low carbon transition, urban biodiversity enhancement, climate-resilient communities and enriching community experiences.

The integration of corporate sustainability practices into our business processes is crucial for long-term resilience and prosperity. It ensures that Sime Darby Property not only thrives but also acts as a catalyst for positive change in the industry, benefiting all stakeholders.

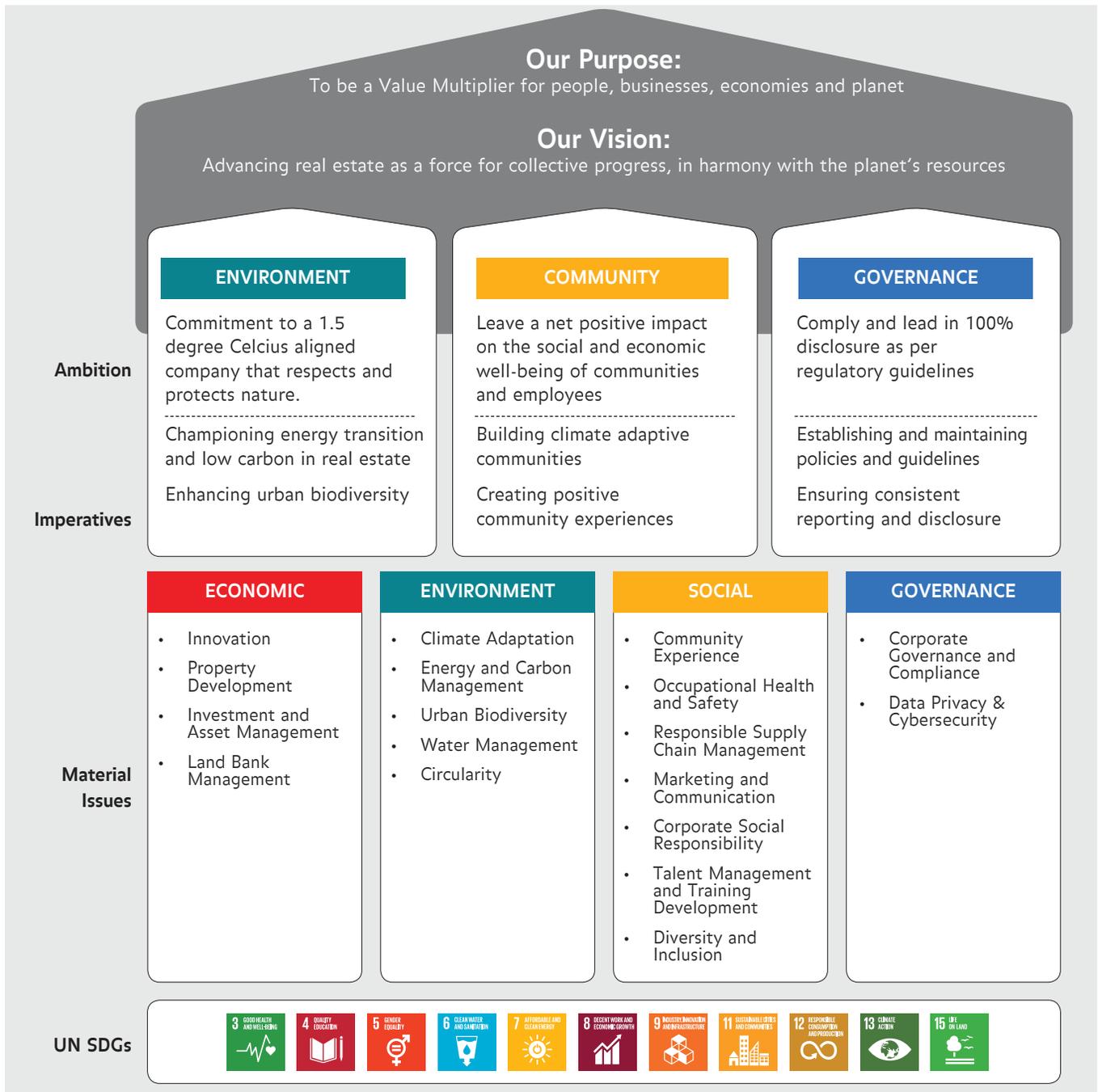


Figure 1.2: Sime Darby Property Sustainability Framework

Sustainability Statement

Activating Our Sustainability Agenda: Our Four Key Imperatives

We bring our sustainability agenda to life through four key imperatives:



As we push the boundaries of climate leadership, our goal to foster resilient communities is supported by a strong culture of health and safety, good governance and strategic communications.

“
Building sustainable townships while nurturing healthy communities and ecosystems should be the way forward for property developments because it would in turn inspire residents and the public to care about and protect the environments they are living in, for a better future.”

Dato' Azmir Merican
Group Managing Director

Sime
Darby
Property

ANDAR
BUKIT RAJA

Sustainability Statement

We are committed to driving positive impacts sustainably across our business and ensure our efforts are strategically aligned to the UN SDGs. Based on the UN SDGs, targets and indicators, we have identified 11 SDGs that are relevant to us and in which we can make the most impact. This focused alignment ensures our efforts and contributions are aligned with global priorities.

Good Health and Well-being	Our Contribution
 <p>Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>	<p>We are consistently working with our employees and contractor workers to ensure that everyone is fully vaccinated against COVID-19. This is part of our commitment to ensure their health is protected. We have also implemented the Sime Darby Property Worker Quarters' Hygiene Standards as part of our commitment to ensure all our contractors are in compliance with Act 446.</p>
Quality Education	Our Contribution
 <p>Target 4.b: By 2020, substantially expand globally the number of scholarships available to developing countries, in particular programme least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries.</p>	<p>In 2023, a total of 54 Technical and Vocational Education and Training ("TVET") graduates sponsored as part of the RM1.2 million YSD allocation for a 3-year programme (2023 – 2025). We collaborated with Institute <i>Kemahiran Belia Negara</i> ("IKBN") for on-job-training at KLGCC under the hospitality industry. We engaged <i>Akademi Binaan Malaysia</i> ("ABM"), under the Construction Industry Development Board ("CIDB") for construction-related industry graduates. For 2023, students were enrolled under the Air Conditioning & Mechanical Ventilation Programme. For 2024 and 2025, students are expected to graduate from programs such as scaffolding, backhoe & excavator operations and mobile crane operations.</p>
Gender Equality	Our Contribution
 <p>Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	<p>We are making significant strides towards gender balance in leadership. Women now hold half of management positions, with a growing presence in leadership roles: a noteworthy 36% on the Board of Sime Darby Property. This progress fosters a more diverse leadership landscape, which contributes to stronger decision-making.</p>
Clean Water and Sanitation	Our Contribution
 <p>Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<p>Our commitment to water conservation has resulted in a positive 18.23% reduction in water withdrawal for potable water compared to 2022, across our entire business operations. Additionally, the installation of water-saving features in 3,764 residential units aims at encouraging reduction in water use.</p> <p>By promoting more efficient water use among residents, these features enhance the sustainability of the water management system.</p>
Affordable and Clean Energy	Our Contribution
 <p>Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<p>We are driving sustainability in our township developments by implementing innovative solar solutions. This includes installing rooftop solar photovoltaic ("PV") panels across selected assets. These panels will generate clean energy, reducing our reliance on traditional sources and contributing to a more sustainable future for both residents and the environment.</p> <p>Our energy consumption in 2023 saw a 2.46% decrease compared to 2022 due to groupwide energy habit practices and retrofitting exercises. While this rise is primarily due to increased activities and events within our developments, we recognise the importance of energy efficiency. We are actively exploring and implementing solutions to address this increase and ensure a more sustainable future for our communities.</p>

Decent Work and Economic Growth	Our Contribution
<div data-bbox="171 459 299 583"> </div> <p>Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants and those in precarious employment.</p>	<p>We are investing in a safer future by training our top contractors (39 representatives) on human rights according to International Labour Organisation (“ILO”) standards. This focus on ethical practices is complemented by a significant increase in Occupational Safety and Health incident reports (from 4 to 16), indicating an improved reporting culture. It highlights the need for continued awareness and our comprehensive Quality, Health, Safety, Security & Environment (“QHSE”) policy ensures we prioritise safety in all aspects of our work.</p>
Industry, Innovation and Infrastructure	Our Contribution
<div data-bbox="171 763 299 895"> </div> <p>Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<p>We have constructed 3,764 energy-efficient homes and achieved eco-certifications (BCA Green Mark, GBI, LEED, BREAM, GreenRE) across 18 townships. This commitment helps reduce negative impacts on the natural environment by using less water, energy and other natural resources; employing renewable energy sources and eco-friendly materials; and reducing emissions and other waste.</p>
Sustainable Cities and Communities	Our Contribution
<div data-bbox="171 1040 299 1172"> </div> <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>	<p>The design and operations of our townships and commercial buildings incorporate green spaces and urban nature features. Placemaking and inclusive social infrastructures are some of the strategies we embark on to ensure that we create community vibrancy and resiliency in the townships.</p>
Responsible Consumption and Production	Our Contribution
<div data-bbox="171 1253 299 1385"> </div> <p>Target 12.5: Substantially reduce waste generation through prevention, reduction, reuse and recycling and strive to achieve 40% of waste diverted from landfill annually.</p>	<p>As part of our commitment on promoting circular economy, we have achieved 24.86% waste diverted from landfill in 2023. This progress is driven by our commitment to the 3Rs (Reduce, Reuse, Recycle).</p>
Climate Action	Our Contribution
<div data-bbox="171 1466 299 1598"> </div> <p>Target 13.2: Integrate climate change measures into national policies, strategies and planning</p>	<p>We have pledged to achieve Net Zero operational carbon emissions by 2050, referencing the science-based target of limiting global temperature rise to 1.5°C. The Group’s comprehensive Net Zero approach involves tackling Scope 1 and 2 emissions with near-term and long-term reduction strategies which includes significant changes to how we conduct our business.</p>
Life On Land	Our Contribution
<div data-bbox="171 1721 299 1853"> </div> <p>15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species</p>	<p>We are seeing positive results in our effort to restore urban landscape with threatened species of trees. Over half (52.17%) of our goal to plant 50,000 Red List Species has been achieved (26,085). Additionally, our overall tree planting initiative is nearing completion, with 143,679 trees planted, reaching 89.7% of our target of 160,000. Demonstrating our commitment to protecting biodiversity, we are the first Malaysian real estate company to achieve ArbNet Arboretum Level II Certification, recognising our dedication to enhance urban biodiversity and uphold environmental stewardship.</p>

Sustainability Statement

SUSTAINABILITY GOVERNANCE

Governance Structure

The Board Sustainability Committee, established in 2023, was tasked to champion our sustainability strategy, ensuring alignment with market trends and addressing the diverse needs of our sector. The BSC works closely with management across all business areas, embedding sustainability into the heart of our decision-making processes, risk management and daily operations.

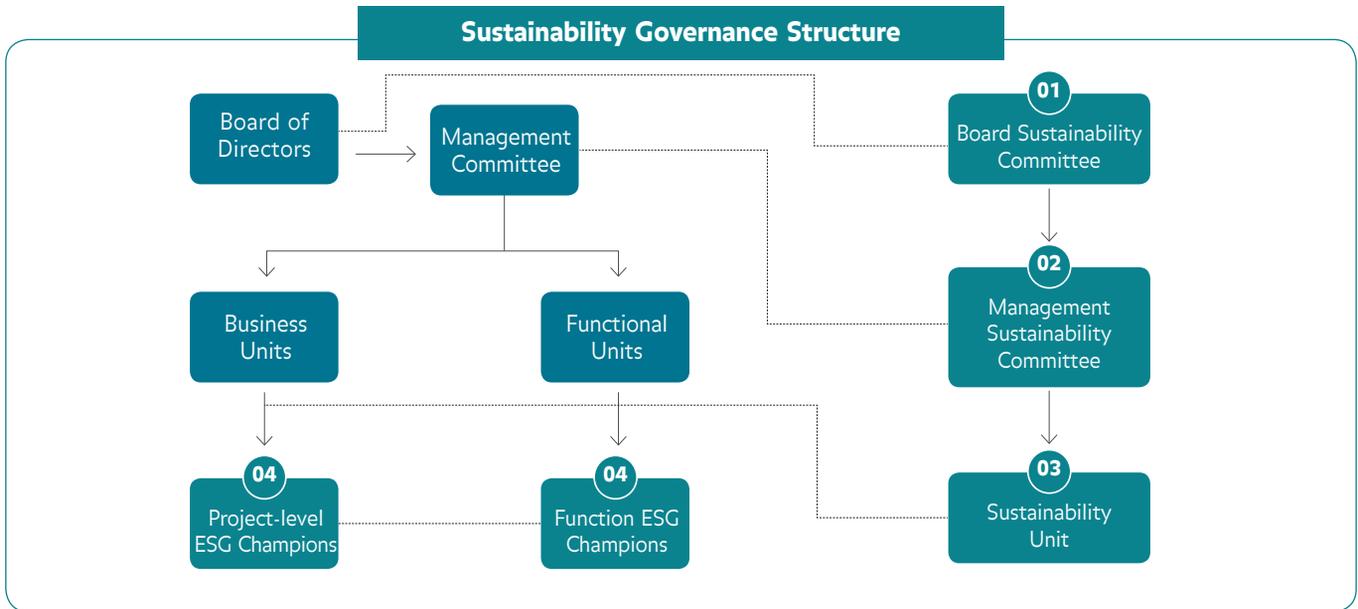


Figure 2.1: Sime Darby Property Sustainability Governance Structure

Roles & Responsibilities

Oversight and Guidance

Board Sustainability Committee (“BSC”):

- Provides strategic direction and oversees the Group’s overall ESG framework.
- Composed of diverse sustainability experts who assess the effectiveness of sustainability programmes and initiatives.
- Tasked with engaging in strategic discussions about sustainability assurance indicators with a third-party service provider.

Management Sustainability Committee (“MSC”):

- Senior leaders responsible for implementing ESG initiatives across the Group.
- Ensures alignment of our initiatives with material matters.

Implementation and Integration

Sustainability Department:

- Develops and implements the Group’s ESG strategy across all organisational levels.
- Creates standardised practices through ESG guidelines, frameworks and toolkits.
- Monitors progress and alignment of ESG initiatives through a Project Management Office (“PMO”) function.

ESG Champions:

- Embedded within specific business segments and functions.
- Champion the practical application of the ESG strategy in daily operations.
- Integrate ESG considerations into decision-making and everyday activities.
- Oversee alignment with Group’s ESG objectives and facilitate project completion.

ADVANCING SUSTAINABILITY THROUGH BOARD LEADERSHIP

Our commitment is demonstrated through setting clear strategic direction, fostering accountability via ESG sensitisation, performance metrics and incentivisation programmes. This comprehensive approach ensures a more sustainable future for our organisation and stakeholders.

Board Sustainability Committee Engagement during FY2023

Area	Key Activities		
<p>ESG & Sustainability</p>	<p>Reviewed, provided input and recommended on:</p> <ul style="list-style-type: none"> • Sime Darby Property Sustainability Strategy proposal • Net Zero announcement & carbon reduction roadmap • Climate risks & opportunities assessments • Sustainability materiality matters & ESG risks • Human Rights Policy 		
<p>Performance & Reporting</p>	<table border="0"> <tr> <td data-bbox="492 981 943 1172"> <p>Reviewed:</p> <ul style="list-style-type: none"> • Quarterly updates on ESG performance & sustainability progress • Sustainability Statement for Annual Report 2022 • Sustainability Report for FY2022 </td> <td data-bbox="997 981 1455 1172"> <p>Provided input on:</p> <ul style="list-style-type: none"> • Findings on limited assurance by PricewaterhouseCoopers PLT for Sustainability Report for FY2022 • Scope of limited assurance for FY2023 Sustainability Report </td> </tr> </table>	<p>Reviewed:</p> <ul style="list-style-type: none"> • Quarterly updates on ESG performance & sustainability progress • Sustainability Statement for Annual Report 2022 • Sustainability Report for FY2022 	<p>Provided input on:</p> <ul style="list-style-type: none"> • Findings on limited assurance by PricewaterhouseCoopers PLT for Sustainability Report for FY2022 • Scope of limited assurance for FY2023 Sustainability Report
<p>Reviewed:</p> <ul style="list-style-type: none"> • Quarterly updates on ESG performance & sustainability progress • Sustainability Statement for Annual Report 2022 • Sustainability Report for FY2022 	<p>Provided input on:</p> <ul style="list-style-type: none"> • Findings on limited assurance by PricewaterhouseCoopers PLT for Sustainability Report for FY2022 • Scope of limited assurance for FY2023 Sustainability Report 		

Board Trainings

Over the past year, our board members and senior management have engaged in a wide range of training programmes, spanning leadership, global economic trends, sustainability and financial integrity. These sessions were designed to enhance our understanding across key areas such as economic outlooks, ESG principles, compliance standards and cybersecurity, reflecting our commitment to stay abreast of evolving industry standards and regulatory requirements.

Our focus also extended to technological advancements and sector-specific challenges, particularly within real estate and property management. The training covered innovation, the implications of artificial intelligence and strategies for embedding sustainable business practices. This approach signifies our measured effort to weave new technologies and sustainability into our operational fabric.

Additionally, our participation in programmes centred on climate change and environmental awareness underscores our response to global sustainability trends. By taking part in these initiatives, we demonstrate our collective awareness of the need to adapt and align with broader environmental objectives and governance practices.

For further details on Board Trainings, refer to this Integrated Report, available on page

Executive Remuneration and ESG Performance

We reinforce our commitment by tying ESG Key Performance Indicators (“KPIs”) to the remuneration of our C-suite executives, underlining the significance we place on emissions reduction and sustainable practices at the leadership level.

Sustainability Statement

Risk Management

Sime Darby Property undertook steps to strengthen our sustainability risk management approach. This aligns with our commitment to proactively identify and mitigate ESG risks within our established risk appetite.

We have expanded the scope of our risk assessments to include six (6) key revised and reprioritised material matters identified by the Group, where the assessment of balance of the reprioritised matters that are not covered under the Group's current risk profile will be conducted in FY2024.

We have also commenced the process to assess the physical risk exposure to our asset portfolio, where specific assets were identified for the initial physical risk assessment. The commencement of transitional risk assessment during the year have also allowed us to better understand the potential exposure and its impact to the Group (financial or otherwise). The Group is committed to implementing adaptation and/or mitigation measures to reduce the risk exposure arising from climate risk assessment.

Recognising the materiality of ESG-related risks identified through the current risk assessments, we have integrated two additional broad based ESG risks into our material risk profile:

Climate-related risk:

We recognise the potential impact and the need to mitigate flood risk exposure to our asset, the achievability of our carbon roadmap and the risk of shortage of water on our operations.

Supply chain and related human rights risk:

We recognise the importance of responsible sourcing practices and the heightened demand for suppliers/contractors in the market. We will take steps to reduce its related risk exposure to our Group.

Performance Scorecard*

In 2023, Sime Darby Property prioritised a future-focused approach to construction. This strategic direction emphasises innovation in materials and methodologies, aiming to transform our development process. This commitment positions us for industry leadership in efficiency and sustainability.

DRIVING OUR VISION THROUGH INNOVATION



Sime Darby Property's pilot rooftop solar initiative in conjunction with the government's National Energy Transition Roadmap ("NETR")

Material Matter

2023 Impact and Achievements



Innovation

- Conducted in-depth studies on prefabrication and modular construction methods, evaluating their feasibility, potential environmental benefits, and suitability for different project types.
- Developed prototypes for manufactured homes with standardised components and streamlined processes.
- Integrated Procore, a construction management platform, to streamline defect management and implemented drone usage for quality inspections.

Read more about Innovation on pages 35 to 40 of our Sustainability Report 2023.

* As a Main Market listed company, Sime Darby Property complies with mandatory ESG disclosure requirements aligned with the latest Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia. Our 2023 Sustainability Report (pages 122 and 123) provides a comprehensive breakdown of our ESG performance for FY2023.

Sustainability Statement

ENVIRONMENT

Our commitment to environmental sustainability serves as the foundation of our operations, guiding us in designing developments that not only prioritise energy efficiency and use of renewable energy but also flourish with green spaces. This perspective extends into our firm support for biodiversity, seen in our efforts to establish ecological corridors and rejuvenate native vegetation, aligning with our broader vision of harmonious coexistence with nature. Our advocacy for a circular economy, through intentional waste and water management practices, reflects our resolve to minimise our ecological footprint.

As we confront the challenges posed by climate change, our proactive stance on risk assessment and collaboration in seeking innovative solutions underscores our dedication to safeguarding the environment. This commitment has translated into a series of noteworthy achievements within the environmental pillar, marking significant milestones in our journey towards sustainability.



IoT-based sensor urban farm in partnership with Cultivateat to be launched at PARC, Subang Jaya.

Material Matter

2023 Impact and Achievements



Energy & Carbon Management

- Completed an energy audit for KL East Mall, resulting in the implementation of energy efficiency measures at both the mall and Sime Darby Property's headquarters.
- Identified 14 out of 21 assets for rooftop solar PV installations, operational by 2024-2025, aiming to reduce Scope 2 emissions by approximately 4.2 thousand tCO₂e.
- Implemented environmental retrofit initiatives, resulting in significant energy savings and CO₂ emissions reduction through the adoption of energy-efficient lighting and sensor integration.

Read more about Energy & Carbon Management on pages 42 to 48 of our Sustainability Report 2023.

Material Matter

2023 Impact and Achievements



Urban Biodiversity

- Dedicated 888.74 acres of green space across 16 main parks for urban biodiversity conservation and regeneration.
- Established 18.45 km of ecological corridors to connect these green spaces.
- Established a strategic biological corridor in collaboration with the Tropical Rainforest Conservation and Research Centre ("TRCRC") between the Cherakah Forest Reserve and Elmina Central Park, complemented by the Elmina Living Collection Nursery ("ELCN").
- Initiated the ongoing restoration of Sungai Subang riparian buffers, with a focus on a diversity of native plant species to continuously promote and attract biodiversity throughout the area.
- Established a 2.1 km biological corridor, enhancing connectivity for wildlife, benefiting threatened species and promoting ecosystem services in the area.
- Established the Elmina Rainforest Knowledge Centre ("ERKC") to lead in the research and conservation of urban biodiversity, while engaging the community through educational programmes and eco-tourism.
- Developed Elmina Central Park, a 300-acre area certified as a Level II arboretum, showcasing over 100 species of woody plants to contribute to biodiversity and sustainability in urban spaces.

Read more about Urban Biodiversity on pages [49](#) to [65](#) of our Sustainability Report 2023.



Circularity

- Achieved a significant reduction of 183 kgCO₂ emissions through the repurposing of used cooking oil.
- Implemented a food waste management programme at KL East Mall, promoting responsible disposal practices.
- Improved soil quality and reduced methane emissions at KLGCC through the responsible management of organic waste.
- Reduced construction waste volume and environmental impact through collaboration with contractors.
- Streamlined site clearance by promoting source separation, leading to responsible disposal and a minimised environmental footprint.
- Managed organic landscaping waste efficiently by implementing Reduce, Reuse, Recycle (3Rs) principles.

Read more about Circularity on [66](#) to [69](#) of our Sustainability Report 2023.



Water Management

- Invested over RM100 million to upgrade the Integrated Water Supply Scheme ("IWSS") in the Northern Corridor.
- Implemented rainwater harvesting systems in high-rise developments, utilising Malaysia's abundant rainfall to reduce reliance on potable water sources.
- Reduced cleaning frequency or adjusted water use per activity.
- Performed periodic water pipe checks to prevent water loss.

Read more about Water Management on pages [70](#) to [73](#) of our Sustainability Report 2023.



Climate Adaptation

- Developed a framework to systematically assess and integrate climate change risks into investment decisions.
- Implemented strategies that lower greenhouse gas emissions across developments, including using energy-efficient design, integrating renewable energy, and increasing green spaces.
- Explored new ways to create value sustainably, such as through green financing and investing in eco-friendly technologies.
- Joined forces with Tenaga Nasional Berhad ("TNB") to explore and develop innovative renewable energy solutions.

Read more about Climate Adaptation on pages [74](#) and [75](#) of our Sustainability Report 2023.

Sustainability Statement

SOCIAL

Our people and the larger community are at the center of our operations, and we have committed ourselves to a socially responsible ethos. Our company strategy is based on a comprehensive approach that integrates safety, community development, inclusion, and ethical practices as fundamental pillars. This concept demonstrates our dedication to creating a peaceful workplace that promotes the development and well-being of our stakeholders, workers, and the communities we serve.



Bandar Bukit Raja Urban Community Farm

Material Matter

2023 Impact and Achievements



Occupational Health and Safety

- Implemented the Felt and Visible Leadership Programme, which included 13 visits, engaging directly with 64 workers.
- Held 24 Safety Collaboration Team site visits to boost safety compliance.
- Provided 3,437 hours of safety training to 412 employees who manage Health, Safety, Security and Environment (“HSSE”) risks in projects and operations.
- Integrated safety KPIs into performance evaluations for transparency.

Read more about Occupational Health and Safety on pages  83 to  85 of our Sustainability Report 2023.



Community Experience

- Mobilised a dedicated team of volunteers, contributing a total of 2,941 hours, reflecting our community’s commitment to inclusivity and support.
- Established Bandar Bukit Raja Townpark as a model for sustainable placemaking initiatives.
- Provided essential school supplies to 2,722 students and upgraded educational facilities.
- Improved healthcare access for 63,000 individuals in underserved areas.
- Invested RM0.6 million in TVET programmes and empowered 54 youths with industry-ready skills.

Read more about Community Experience on pages  86 to  93 of our Sustainability Report 2023.



Diversity and Inclusion

- Implemented a proactive anti-sexual harassment initiative, providing clear guidance on addressing various forms of harassment.
- Received HR Asia’s Best Companies to Work For in Asia 2023 Award for excellent employee engagement and HR practices, placing us among top employers in Asia.
- Ranked second in Talentbank’s Graduates’ Choice Award, highlighting Sime Darby Property’s appeal in attracting and retaining top graduate talent within the Property Developer sector.

Read more about Diversity and Inclusion on pages  94 to  103 of our Sustainability Report 2023.

Material Matter

2023 Impact and Achievements


Labour Standards and Practices

- In compliance with the Malaysian Environment Act, we extended parental leave to 98 days for maternity and seven (7) days for paternity leave and adjusted our compensation policies to ensure employees earning up to RM4,000 are eligible for overtime payments.
- Increased the Minimum Living Wage to RM2,400 monthly to support employees' basic needs.
- Implemented flexible working arrangements including remote work options and flexible working hours to create a more dynamic, productive and balanced work environment for employees.

Read more about Labour Standards and Practices on pages [104](#) to [106](#) of our Sustainability Report 2023.


Responsible Supply Chain Management

- Strengthened our contractor code of conduct by incorporating references to human rights regulations, promoting ethical treatment of workers throughout their operations.
- Initiated a project to align our Vendor Development Programme with International Labour Organisation ("ILO") standards.

Read more about Responsible Supply Chain Management on pages [107](#) to [109](#) of our Sustainability Report 2023.

GOVERNANCE

We continue to place considerable emphasis on strengthening the ethical core of our organisation. Through this dedication, we achieved significant progress, fostering an environment of trust and transparency. This ultimately led to a more robust and resilient Sime Darby Property, well-equipped to navigate the ever-evolving business landscape.

Material Matter

2023 Impact and Achievements


Anti-Bribery and Corruption

- Achieved consistent risk management through quarterly updates to risk assessments.
- Completed anti-corruption assessments for all operations in 2023
- Rolled out mandatory Anti-Bribery and Corruption training for all employees to enhance corruption prevention and detection.
- Engaged in targeted communication, including reminders and policy reinforcement, especially during high-risk periods like festivals.
- Enforced a zero-tolerance policy on corruption with no staff disciplinary actions or dismissals in 2023.
- Upheld financial integrity with no fines or penalties for corruption throughout 2023.

Read more about Anti-Bribery and Corruption on pages [171](#) to [174](#) of our Sustainability Report 2023.


Data Privacy & Cybersecurity

- Achieved zero identity theft incidents through multi-factor authentication ("MFA") implementation.
- Prevented data exfiltration with proactive malware defense.
- Reduced cyber incident response time by 70% with Managed Extended Detection and Response ("MXDR").
- Attained a 'defined' level of cybersecurity maturity, closely aligning with the industry benchmark of 2.6.
- Enhanced system security by regulating critical account access with Privileged Access Management ("PAM").

Read more about Data Privacy and Cybersecurity on pages [175](#) to [121](#) of our Sustainability Report 2023.

Corporate Information

Board of Directors

Dato' Rizal Rickman Ramli
(Non-Independent Non-Executive
Chairman)

Dato' Azmir Merican
(Group Managing Director)

Dato' Soam Heng Choon
(Senior Independent Non-Executive
Director)

**Tengku Datuk Seri Ahmad Shah
Alhaj ibni Almarhum Sultan
Salahuddin Abdul Aziz Shah Alhaj**
(Non-Independent Non-Executive
Director)

**Tan Sri Jaganath Derek Steven
Sabapathy**
(Non-Independent Non-Executive
Director)

**Dato' Seri Ahmad Johan
Mohammad Raslan**
(Independent Non-Executive
Director)

Datin Norazah Mohamed Razali
(Independent Non-Executive
Director)

**Mohamed Ridza Mohamed
Abdulla**
(Independent Non-Executive
Director)

Dato' Hamidah Naziadin
(Independent Non-Executive
Director)

Dr. Lisa Lim Poh Lin
(Independent Non-Executive
Director)

Nur Farahbi Shaari
(Non-Independent Non-Executive
Director)

Khalid Mohammed Noor
(Alternate Director to Nur Farahbi
Shaari)

Group Managing Director

Dato' Azmir Merican

Group Company Secretary

Noreen Melini Muzamli
SSM PC No. 201908002218
LS 0008290

Registered Office

Level 10, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. no. : +603-7849 5000
Fax no. : +603-7849 5688
E-mail : group.communications@
simeдарbyproperty.com
Website : www.simeдарbyproperty.
com

Share Registrar

Tricor Investor & Issuing House
Services Sdn Bhd
Registration No. 197101000970
(11324-H)

Office :
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. no. : +603-2783 9299
Fax no. : +603-2783 9222
Email : is.enquiry@
my.tricorglobal.com

Customer Service Centre:
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Auditors

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)

Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel no. : +603-2173 1188
Fax no. : +603-2173 1288

Form of Legal Entity

Incorporated on 15 September
1973 as a private company limited
by shares under the Companies
Act 1965 and deemed registered
under the Companies Act 2016.

Converted into a public company
limited by shares on 2 October
2003.

Stock Exchange Listing

Listed on the Main Market of
Bursa Malaysia Securities Berhad
since 30 November 2017

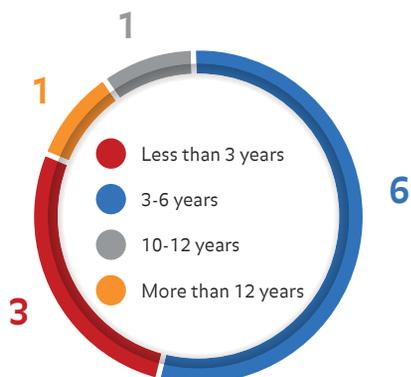
Stock Code : 5288
Stock Name : SIMEPROP

Place of Incorporation and Domicile

Malaysia

Board Composition

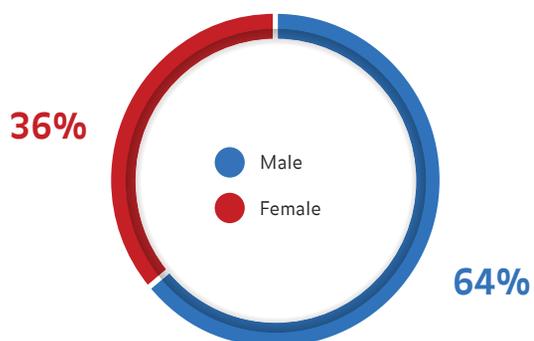
Tenure



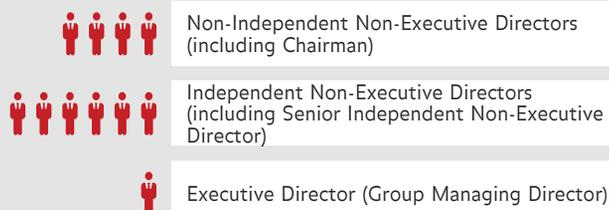
- Dato' Hamidah Naziadin *
 Dr. Lisa Lim Poh Lin *
 Nur Farahbi Shaari
- Dato' Rizal Rickman Ramli (Chairman)
 Dato' Azmir Merican
 Dato' Seri Ahmad Johan Mohammad Raslan *
 Datin Norazah Mohamed Razali *
 Dato' Soam Heng Choon *
 Mohamed Ridza Mohamed Abdulla *
- Tan Sri Jaganath Derek Steven Sabapathy
- Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum
 Sultan Salahuddin Abdul Aziz Shah Alhaj

* Independent director

Gender



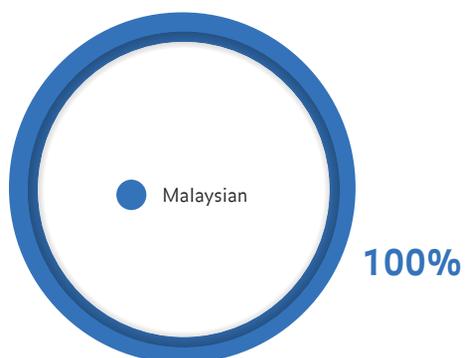
Composition



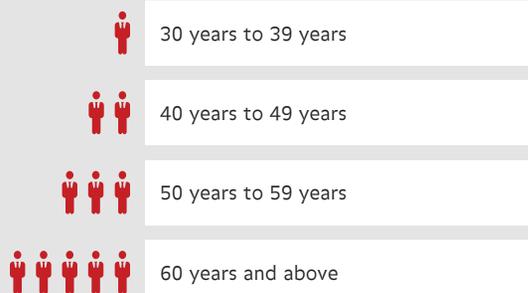
Ethnicity



Nationality



Age group



Note: The above information excludes Alternate Director

Board of Directors' Profiles



DATO' RIZAL RICKMAN RAMLI
Non-Independent Non-Executive Chairman



Gender **Male**
Age **46**
Nationality **Malaysian**



Membership of Board Committees:
Nil



Date of Appointment: **5 April 2018**

Length of Tenure as Director:
5 years 11 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Master of Business Administration, Kellogg School of Management, Northwestern University, United States of America
- Bachelor of Arts, Economics (Hons), University of Chicago, United States of America

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Nil

Present Appointment(s)

- Chief Investment Officer, Private & Strategic Investments, Permodalan Nasional Berhad ("PNB")

Expertise and Experience

Dato' Rizal Rickman Ramli, Chairman of Sime Darby Property since 7 May 2021, brings a distinguished blend of leadership and expertise in real estate and investments. In his capacity as Chairman of the Board, he exemplifies effective leadership qualities, characterised by meticulous preparation ahead of meetings, strategic direction of meetings in ensuring adequate focus and discussion of key matters, encouraging robust discussions, and assurance of clear outcomes. Furthermore, he nurtures amicable relations among board members and shareholders, which facilitates alignment among stakeholders while ensuring the Company's interest is paramount.

His extensive skill set spans strategic planning, corporate strategy and investments. Concurrently, he serves as the Chief Investment Officer for Private & Strategic Investments at PNB, where he leads the management of PNB's real estate

portfolio, encompassing diverse areas such as land banking, strategic development, domestic and international property investments, as well as hospitality and affordable housing initiatives.

Prior to his tenure at PNB, he held the role of Country Managing Partner at the Boston Consulting Group ("BCG") in Malaysia. His extensive experience at BCG, including assignments across over 10 countries and a stint at BCG's London office, underscores his expertise in strategy development, driving business model innovation, fostering growth, and orchestrating corporate and industry-level transformations with precision and foresight. He was also on the board of Velesto Energy Berhad, Pelaburan Hartanah Nasional Berhad, MIDF Property Berhad and Villea Rompin Berhad.

Declaration

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except which may arise by virtue of him being a Nominee Director of PNB.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.



DATO' AZMIR MERICAN
Group Managing Director



Gender **Male**
Age **53**
Nationality **Malaysian**



Membership of Board Committees:
Nil



Date of Appointment: **22 April 2020**

Length of Tenure as Director:
3 years 11 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Bachelor's Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Nil

Present Appointment(s)

- Vice President, Real Estate and Housing Developers' Association ("REHDA") Malaysia

Expertise and Experience

Dato' Azmir Merican has almost 30 years of corporate experience, with over 15 years spent at the senior most leadership role. He brings a rich blend of cross-functional expertise in investments & private equity, corporate advisory, as well as operational management into his current role and a leadership style known for driving transformation. He has helmed companies involved in engineering services, infrastructure services, healthcare support services, project & asset management.

Dato' Azmir started his career as an investment analyst with the Maybank Group, working in its venture capital and private equity business. He then moved to PricewaterhouseCoopers' ("PwC") corporate advisory arm where he managed assignments across multiple industries. He subsequently held management roles in CIMB Investment Bank where he helped establish the bank's private equity business, managing proprietary and third-party funds.

In 2007, he was tapped for the leadership role at AWC Berhad, the company was restructured into a leading provider of engineering services and integrated facilities management across Malaysia, Singapore, and the Middle East.

In 2012, he was recruited as Group Chief Operating Officer, Business Units, for UEM Group where he was tasked to oversee the company's "4 core" businesses, namely Faber Group Berhad, PROPEL Berhad, Opus Group Berhad and Opus International Plc

across 12 countries. There, he successfully orchestrated the merger, acquisition, and integration of five companies across Healthcare Services, Infrastructure, Real Estate, and Consultancy, held under UEM Edgenta Berhad which he led as Managing Director/CEO. The company became a key player in the region for Asset Management & Infrastructure Solutions, known for its early adoption and innovative use of IoT, data analytics, machine learning, and AI which transformed its service delivery and way of working. It quickly earned various industry recognition amongst which, winning the Frost & Sullivan top industry award for 6 consecutive years.

In 2020, Dato' Azmir was recruited into his current role as Group Managing Director of Sime Darby Property Berhad. Working with the Board and management to establish its SHIFT25 Strategy, he is currently driving the company's transformation into a Real Estate company focused at building a leading property business for landed homes, as well as high-rise, industrial development, and building an Investment & Asset Management business for recurring income.

In 2022, the Group established its Purpose of being a Value Multiplier for People, Businesses, Economies and the Planet, as well as a renewed vision, mission and values which is the core behind its people transformation and recently announce its Net Zero ambition. For leadership within the real estate industry, he was recently awarded as "Outstanding Property CEO" at The Edge Malaysia Property Excellence Awards 2023.

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.

Board of Directors' Profiles



DATO' SOAM HENG CHOON

Senior Independent Non-Executive Director



Gender **Male**
Age **64**
Nationality **Malaysian**



Membership of Board Committees:

- **Nomination and Remuneration Committee**
- **Risk Management Committee**
- **Board Tender Committee**



Date of Appointment: **1 July 2020**

Length of Tenure as Director:
3 years and 8 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Bachelor of Science in Civil Engineering, University of Strathclyde, United Kingdom

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Construction Labour Exchange Centre Berhad ("CLAB")
- Amanat Lebuhraya Rakyat Berhad

Present Appointment(s)

- Chairman, Battersea Power Station Development Company Limited

Expertise and Experience

Dato' Soam Heng Choon brings a wealth of experience in the property industry and a diverse skill set spanning civil and mechanical engineering, quantity surveying, project management, regulatory affairs, and government relations. He actively contributes and provides invaluable insights and guidance to Board and Board Committees' deliberations.

With a career that began in 1979 at the Ministry of Works, Dato' Soam rose through the ranks to serve as an Executive Engineer until 1989. He then transitioned to Road Builder (M) Holdings Berhad Group, where he held various roles, culminating in his appointment as Executive Director by 2003.

In 2004, Dato' Soam assumed the role of Executive Director at RB Land Holdings Berhad (now IJM Land Berhad), where he led the property division within the Road Builder Group. Progressing swiftly, he was appointed Managing Director of IJM Land Berhad in 2006 and subsequently as Chief Executive Officer and Managing Director in 2010.

He was appointed the Chief Executive Officer and Managing Director of IJM Corporation Berhad in 2015, where he played a pivotal role in expanding various divisions within the IJM Group until his retirement in 2019.

Beyond his corporate roles, he has made significant contributions to the industry, serving as President of Real Estate and Housing Developer's Association ("REHDA") Malaysia from 2018 to 2022 and as a Board member of Construction Industry Development Board ("CIDB") Malaysia from 2020 to 2022 and Chairman of Construction Research Institute of Malaysia ("CREAM") from 2022 to 2023. He also serves as a Director of the CLAB since 2016.

Declaration

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.



TENGGU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ

Non-Independent Non-Executive Director



Gender **Male**
Age **68**
Nationality **Malaysian**



Membership of Board Committees:
• **Board Tender Committee (Chairman)**
• **Risk Management Committee**



Date of Appointment: **31 December 2010**

Length of Tenure as Director:
13 years 3 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Diploma in Business Administration, Universiti Teknologi MARA

Present Directorship(s)

Other Listed Entity(ies)

- Chairman, Tuju Setia Berhad
- Director, Mycron Steel Berhad

Other Public Company(ies)

- Nil

Present Appointment(s)

- Chairman, Landas Efektif Sdn Bhd, I-City (Selangor) Sdn Bhd, Titas Holding Sdn Bhd, Advan Rail Sdn Bhd and City Properties Sdn Bhd
- Director, Red Giant Sdn Bhd

Expertise and Experience

YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj possesses vast business acumen and expertise in the property development industry gained from his tenure in various public listed and private enterprises. His career journey began with Charles Bradburne (1930) Sdn Bhd, where he served as a broker from 1974 to 1981, laying a solid foundation for his subsequent achievements and contributions to the industry. His extensive network and deep institutional knowledge of the Group over four decades enable him to provide invaluable guidance to the Group.

Throughout his esteemed career, he has held directorship positions in a diverse array of listed and private companies. Notable among these are his directorship in Dutaland Berhad

in 2009 to 2023 (of which he served as Chairman since 2010), TTDI Development Sdn Bhd from 1978 to 2000, Sime UEP Properties Berhad from 1983 to 1987, Tractors Malaysia Holdings Berhad from 1987 to 2007 and Sime Darby Medical Centre Subang Jaya Sdn Bhd from 1987 to 2013. Additionally, he served on the Supervisory Committee and Audit Committee of the property division of Sime Darby Berhad from 2008 to 2010.

YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj actively participates in multiple welfare organisations and dedicates himself to philanthropic efforts. Notably, he serves as a valued member of the Board of Trustees for Cancer Research Malaysia, demonstrating his commitment to advancing healthcare and scientific research initiatives aimed at combating cancer.

Declaration

- He does not have any conflict of interest with the Company or any family relationship with any Director and/major shareholders of the Company except which may arise by virtue of him being a Nominee Director of PNB and a Director of Tuju Setia Berhad.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.

Board of Directors' Profiles



TAN SRI JAGANATH DEREK STEVEN SABAPATHY
Non-Independent Non-Executive Director



Gender **Male**
Age **66**
Nationality **Malaysian**



Membership of Board Committees:

- **Risk Management Committee**
- **Audit Committee**
- **Board Tender Committee**



Date of Appointment: **28 March 2014**

Length of Tenure as Director:
10 years

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Master of Arts in Corporate Finance and International Trade, Edinburgh University, United Kingdom

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Director, Principal Asset Management Berhad

Present Appointment(s)

- Chairman, Battersea Project Holding Company Limited
- Founder and Chief Executive Officer, Tribeca Real Estate Asset Management Sdn Bhd ("Tribeca")
- Director, Principal Islamic Asset Management Sdn Bhd

Expertise and Experience

Tan Sri Jaganath Derek Steven Sabapathy brings extensive expertise in property development, audit, financial advisory services, and a sharp business acumen to his role. His valuable insights and judgment, particularly in risk assessment, property development, finance, and audit matters, significantly enhance board deliberations. Demonstrating strong leadership, Tan Sri Jagan had effectively chaired discussions, providing independent judgment and acting in the best interests of the Company, particularly as Chairman of Battersea Power Station Group in recent years.

In 1984, Tan Sri Jagan joined KPMG Peat Marwick as a Manager, rising to become a Partner in 1990. During his tenure, he handled a diverse portfolio of assignments spanning audit, investigations, management consultancy, and corporate finance across Malaysia, ASEAN countries, North America,

and Europe. His contributions extended to various KPMG International Committees, including those for Mergers and Acquisitions, Privatisation, and Management Consultancy. Additionally, he served as an examiner for the professional examinations of the Malaysian Association of Certified Public Accountants ("MACPA").

Transitioning to the corporate sector, Tan Sri Jagan joined Benta Plantation Berhad as an Executive Director in late 1994, later assuming directorship roles in Austral Lao Power Co. Ltd. and Prime Utilities Berhad, where he served as Managing Director. Subsequently, he held the position of Chief Executive Officer/Director at Bandar Raya Developments Berhad Group and Director at Mieco Chipboard Berhad until his retirement in 2013. From 2017 to January 2024, he was a Director/Deputy Chairman of Microlink Solutions Berhad.

Declaration

- He does not have any family relationship with any other Director and/or major shareholders of the Company except which may arise by virtue of him being a Director of Tribeca.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.



DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN
Independent Non-Executive Director



Gender **Male**
Age **64**
Nationality **Malaysian**



Membership of Board Committees:

- **Audit Committee (Chairman)**
- **Board Sustainability Committee (Chairman)**
- **Nomination and Remuneration Committee**



Date of Appointment: **12 July 2017**
Length of Tenure as Director:
6 years 8 months
Board Meeting Attendance in 2023
6/6

Academic Qualification(s)

- Bachelor of Economics (Hons) in Economics and Accountancy, University of Hull, United Kingdom

Professional Qualification/Membership(s)

- Fellow, Institute of Chartered Accountants in England and Wales ("ICAEW")
- Member, Malaysian Institute of Certified Public Accountants ("MICPA")
- Member, Malaysian Institute of Accountants ("MIA")

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Sea Capital Services Berhad

Present Appointment(s)

- Board Member, Institute of Corporate Directors Malaysia ("ICDM")
- Board Member, Audit Oversight Board - Securities Commission Malaysia

Expertise and Experience

Dato' Seri Johan Raslan brings extensive global experience in audit and financial advisory services, positioning him as a trusted advisor with deep expertise across sectors and geographies. As the former Executive Chairman of a leading audit firm, he engaged extensively with boards of directors, business leaders, and regulatory bodies. He provides invaluable insights on governance, finance, audit and sustainability matters. He actively participates in Board and Board Committees' discussion. Demonstrating leadership, he effectively chairs several Board Committees.

Starting with Robson Rhodes Chartered Accountants in 1981, Dato' Seri Johan transitioned to Price Waterhouse in London in 1990, then returned to Malaysia in 1992 to join Price Waterhouse Kuala Lumpur. Advancing swiftly, he became a

Partner in 1993 and played a pivotal role in the firm's merger with Coopers & Lybrand, forming PricewaterhouseCoopers ("PwC") in 1998. He was appointed Executive Chairman of PwC Malaysia in 2004 and later became Joint Executive Chairman for the PwC Southeast Asia Peninsular Region in 2008.

At PwC, Dato' Seri Johan contributed significantly to the profession by participating in the Global Public Policy Committee and the Global Diversity & Inclusion Council. He was also appointed by the Minister of Finance to key government bodies like the Financial Reporting Foundation and KWAP, demonstrating his leadership beyond the firm. Furthermore, he actively engaged with regulators to shape Malaysia's financial markets, serving on committees under the Securities Commission and the Central Bank of Malaysia.

Dato' Seri Johan has held directorships in private companies such as Prima Ekuiti (UK) Limited and OPR Holdings Ltd, and played significant roles in Eco World International Berhad and AMMB Holdings Bhd. His broad expertise and industry involvement highlight his invaluable contributions to the Group and to the broader corporate and regulatory landscape of Malaysia.

Declaration

- He does not have any family relationship with any other Director and/or major shareholders of the Company except which may arise by virtue of him being a Director of ICDM.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.

Board of Directors' Profiles



DATIN NORAZAH MOHAMED RAZALI
Independent Non-Executive Director



Gender **Female**
Age **53**
Nationality **Malaysian**



Membership of Board Committees:

- **Nomination and Remuneration Committee (Chairman)**
- **Audit Committee**
- **Board Sustainability Committee**



Date of Appointment: **12 July 2017**

Length of Tenure as Director:
6 years 8 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Master of Business Administration ("MBA"), Imperial College Business School, University of London, United Kingdom
- Diploma in Management, Imperial College, London, United Kingdom
- Bachelor of Laws (Hons) International Islamic University Malaysia

Professional Qualification/Membership(s)

Admitted to the Malaysian Bar (1994)

Present Directorship(s)

Other Listed Entity(ies)

- MISC Berhad

Other Public Company(ies)

- Permodalan Nasional Berhad ("PNB")

Present Appointment(s)

- Independent Director, Cradle Fund Sdn Bhd
- Independent Director, Kapital DX Sdn Bhd
- Investment Panel Member, Penjana Kapital Sdn Bhd

Expertise and Experience

Datin Norazah Mohamed Razali brings over two decades of extensive experience in advising both private and public sector clients on growth strategy, transformation, restructuring, talent development, sustainability and risk management. Her consultancy work spans various sectors, including industrial goods, education, and infrastructure, covering topics from large-scale transformation to human capital development and industry restructuring.

As Chair of the Nomination and Remuneration Committee, Datin Norazah effectively leads discussions, providing valuable input and exercising independent judgment in the best interests of the Company during Board and committee meetings.

Starting her career as a solicitor at Sidek, Teoh, Wong & Dennis in 1994, Datin Norazah pursued further studies in the United Kingdom, obtaining her MBA in 1998. She then joined Booz, Allen & Hamilton in Singapore before transitioning to the Boston Consulting Group ("BCG") in 2000. Over the years, she ascended to the role of Partner and Managing Director at BCG, where she held various leadership roles, including leading BCG Malaysia and the Public Sector Practice in Malaysia. She was also instrumental in driving initiatives like the Women's Initiative Programme in Southeast Asia to promote diversity in leadership roles.

Datin Norazah's tenure at BCG culminated in her role as a Senior Advisor (Public Sector Practice, BCG Malaysia) from August 2017 to December 2022, showcasing her commitment to driving strategic impact beyond formal leadership positions.

Declaration

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except which may arise by virtue of her being an Independent Director of PNB.
- She has complied with the Company's Conflict of Interest Policy.
- She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.



MOHAMED RIDZA MOHAMED ABDULLA
Independent Non-Executive Director



Gender **Male**
Age **54**
Nationality **Malaysian**



Membership of Board Committees:

- **Risk Management Committee (Chairman)**
- **Audit Committee**
- **Board Tender Committee**



Date of Appointment: **1 July 2020**

Length of Tenure as Director:
3 years and 8 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Bachelor of Laws, International Islamic University Malaysia (First Class Hons)
- Graduate Institute of Chartered Secretaries and Administrators (London)

Professional Qualification/Membership(s)

- Advocate and Solicitor of the High Court of Malaya
- Fellow, Chartered Institute of Adjudicators
- Fellow, Institute of Chartered Secretaries & Administrators (London) ("FCIS")

Present Appointment(s)

Other Listed Entity(ies)

- KPJ Healthcare Berhad

Other Public Company(ies)

- Nil

Present Appointment(s)

- Managing Partner, Messrs Mohamed Ridza & Co
- Board Member, OIC Arbitration Centre, Istanbul, Turkey

Expertise and Experience

Mohamed Ridza Mohamed Abdulla possesses extensive expertise in legal advisory encompassing foreign and multinational companies, venture capitalist transactions, capital markets, and real estate projects. His wealth of experience and knowledge enriches discussions at Board and Committee meetings, particularly as Chairman of the Risk Management Committee, where he adeptly guides decision-making processes.

As the Managing Partner of Mohamed Ridza & Co ("MRCO"), a boutique law firm recognised internationally by Legal 500 and Chambers & Partners Asia, Ridza leads a distinguished team. MRCO is affiliated with LAWWorld, a network of boutique law firms based in the United Kingdom and Spain.

Previously, Ridza served as a partner at Zaid Ibrahim & Co and began his career at Rashid & Lee. He also held the role of Group Legal Adviser at Arab Malaysian Corporation Berhad before joining Technip Asia Pacific, where he served as General Legal Counsel in Kuala Lumpur and Paris, France. He was also on the board of Bank Islam Malaysia Berhad, BIMB Investment Management Berhad and Theta Edge Berhad.

Ridza's advisory portfolio spans corporate, telecommunications, ESG advisory, technology and financing sectors, including mergers and acquisitions, public company listings, joint ventures, and consortium agreements. He is renowned for his expertise in Islamic banking and finance, offering counsel to clients globally. In the realm of construction law, Ridza has negotiated contracts for projects ranging from oil, gas, and petrochemical ventures to light railway transit systems and road projects across Asia, Australia, Europe, the Middle East, and the USA. Ridza's contributions to the legal field have earned him acclaim, including recognition as one of the top 100 lawyers in Malaysia by Asia Business Journal in year 2019 to 2022.

Declaration

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company.

Board of Directors' Profiles



DATO' HAMIDAH NAZIADIN
Independent Non-Executive Director



Gender **Female**
Age **60**
Nationality **Malaysian**



Membership of Board Committees:
• **Nomination and Remuneration Committee**
• **Board Sustainability Committee**



Date of Appointment: **1 October 2021**

Length of Tenure as Director:
2 years 5 months

Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Bachelor of Laws, University of Wolverhampton, United Kingdom
- Certificate in Personnel Management, Malaysian Institute of Personnel Management

Professional Qualification/Membership(s)

- Certified in-house Facilitator – Franklin Covey's the 7 Habits of Highly Effective People for CIMB Group

Present Directorship(s)

Other Listed Entity(ies)

- Maxis Berhad
- Nestle (Malaysia) Berhad
- Mr D.I.Y. Group (M) Berhad

Other Public Company(ies)

- Nil

Present Appointment(s)

- Board Member, Majlis Sukan Negara
- Member, Razak School of Government's Leadership Development Committee

Expertise and Experience

Dato' Hamidah Naziadin brings over three decades of strategic human resources ("HR") and leadership expertise in the financial services sectors across Malaysia and ASEAN. Renowned for her dedication to talent development and retention, she has distinguished herself in key HR and leadership roles within the industry. Her commitment to advancing corporate social responsibility initiatives underscores her holistic approach to organisational success, particularly in community development, sports, education and youth financial literacy. This breadth of focus equips her to provide invaluable input and perspectives at Board and Board Committees' discussions.

Beyond her professional endeavours, Dato' Hamidah is deeply involved in mentoring and coaching young talent and women across various platforms, reflecting her passion for nurturing the next generation of leaders.

As the former Group Chief People Officer of the CIMB Group until October 2020, Dato' Hamidah spearheaded innovative people strategies, fostering an agile workforce and leveraging technology to enhance the employee experience. Her leadership was instrumental in successfully integrating resources during mergers and acquisitions, contributing to CIMB's growth and expansion across Malaysia, ASEAN and the APAC regions. Her strategic HR initiatives have earned widespread recognition, reflected in numerous industry awards.

In her role as Chief Executive Officer of CIMB Foundation from May 2016 to October 2020, Dato' Hamidah championed impactful corporate social responsibility initiatives, positioning CIMB as a socially responsible organisation committed to making a difference in the communities it serves. Her tenure saw significant contributions to community development, education and youth empowerment, aligning with CIMB's mission to create a positive impact beyond business objectives.

Declaration

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- She has complied with the Company's Conflict of Interest Policy.
- She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.



DR. LISA LIM POH LIN

Independent Non-Executive Director



Gender **Female**
Age **47**
Nationality **Malaysian**



Membership of Board Committees:
• **Risk Management Committee**
• **Board Sustainability Committee**



Date of Appointment: **1 October 2021**
Length of Tenure as Director:
2 years 5 months
Board Meeting Attendance in 2023:
6/6

Academic Qualification(s)

- Doctor of Philosophy (“PhD”), Masters and Bachelor in Engineering, University of Cambridge, United Kingdom (“UK”)

Professional Qualification/Membership(s)

- Chartered Financial Analyst (“CFA”)

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Nil

Present Appointment(s)

- Investment Committee Member of CFA UK
- Investment Committee Member of Foundation Scotland

Expertise and Experience

Dr. Lisa Lim Poh Lin has over 20 years of work experience as an academic and as an investor. She has also held various senior advisory and corporate Board roles. She was most recently a Partner and a Portfolio Manager at Prusik Investment Management where she was instrumental in setting up and leading Prusik’s sustainable investing capabilities. Prior to that, Dr. Lisa was a Fund Manager at Columbia Threadneedle Investments in London for over a decade where she managed a number of institutional portfolios. She also held the role as the Head of Global Telecoms Research.

Before joining the Investment Management industry, Dr. Lisa was an Assistant Professor at the National University of Singapore. Dr. Lisa currently serves on the Investment Committee of Foundation Scotland and is also a member of CFA UK

Investment Committee, advising the respective committees on sustainability matters. Her interests in her Board and advisor roles are in the areas of best practice corporate governance and sustainability. She is a member of Chapter Zero in the UK. She is also a former Independent Non-Executive Director of Axiata Group.

Dr. Lisa was a recipient of Malaysia’s Public Services Commission Full Scholarship for her undergraduate studies and a recipient of the Cambridge Commonwealth Trust Full Scholarship for her doctoral research at the University of Cambridge. Her academic interest is in the areas of innovation, technology management and sustainable business models. Dr. Lisa maintains an interest in academic research and her research contributions continue to be cited in top international journals.

Declaration

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- She has complied with the Company’s Conflict of Interest Policy.
- She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.

Board of Directors' Profiles



NUR FARAHBI SHAARI

Non-Independent Non-Executive Director



Gender **Female**
Age **38**
Nationality **Malaysian**



Membership of Board Committees:
• **Board Sustainability Committee**



Date of Appointment: **1 September 2023**

Length of Tenure as Director:
7 months

Board Meeting Attendance in 2023:
1/1

Academic Qualification(s)

- Bachelor of Science (Economics), University of Warwick
- Certificate Shahriah, International Islamic University Malaysia

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Nil

Present Appointment(s)

- Head of Global Real Estate & Asset Management, Permodalan Nasional Berhad ("PNB")

Expertise and Experience

Nur Farahbi Shaari brings over thirteen years of expertise in leading the development and execution of value-creation strategies across diverse investment portfolios, with a distinct focus on real estate and strategic investments. Her extensive hands-on experience in managing investment transactions, navigating cross-border deals, and providing valuable input during deliberations at meetings of the Board and Board Sustainability Committee of Sime Darby Property underscores her contribution to strategic decision-making.

Since joining PNB in 2009, Farahbi has held various roles spanning different divisions, including Investment Evaluation, Office of the President & Group Chief Executive, Risk Management, Strategic Investments and Real Estate. Her tenure has seen her adeptly manage investment transactions, negotiate cross-border deals, and navigate complex corporate finance structures. Notably, she has played a pivotal role in

enhancing the performance of PNB's private Real Estate Investment Trust ("REIT") and overseeing a multifaceted real estate portfolio.

Farahbi's expertise extends to formulating comprehensive investment strategies, optimising commercial leasing arrangements, and ensuring efficient facilities management practices. Her practical experience across the investment lifecycle, from evaluation to execution and management, has contributed significantly to PNB's success in the dynamic investment landscape, particularly in the recent post-pandemic period.

As Head of Global Real Estate & Asset Management, Farahbi's leadership has been instrumental in driving the growth of PNB's real estate investment portfolio and delivering sustainable value to its stakeholders.

Declaration

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except by virtue of her being a Nominee Director of PNB.
- She has complied with the Company's Conflict of Interest Policy.
- She has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.



KHALID MOHAMMED NOOR

Alternate Director to Nur Farahbi Shaari



Gender **Male**
Age **39**
Nationality **Malaysian**



Membership of Board Committees:
• **Nil**



Date of Appointment: **1 September 2023**

Length of Tenure as Director:
7 months

Board Meeting Attendance in 2023:
1/1

Academic Qualification(s)

- Bachelor of Accounting and Finance, London School of Economics & Political Science

Professional Qualification/Membership(s)

- Member of the Association of Chartered Certified Accountants

Present Directorship(s)

Other Listed Entity(ies)

- Nil

Other Public Company(ies)

- Nil

Present Appointment(s)

- Vice President of Strategic Investments, Permodalan Nasional Berhad ("PNB")

Expertise and Experience

Khalid Mohammed Noor has more than 15 years of extensive experience in finance and investment management. His career journey began at PNB in 2007 as a Management Trainee and later, an Executive in the Corporate Finance Department in 2008. His tenure at PNB has been marked by a series of significant contributions and advancements, including secondments to Chemical Company of Malaysia Berhad and UMW Holdings Berhad, where he served for two years and five months, respectively. Upon his return to PNB, Khalid ascended the ranks, and assumed the roles as a Senior Manager and subsequently as Assistant Vice President of Public Equity and later, Strategic Investments.

Currently, Khalid holds the position of Vice President of Strategic Investments at PNB, where he plays the role in overseeing the monitoring of PNB's investments in selected strategic and core companies, with a focus on value enhancements. His wealth of experience and demonstrated leadership capabilities position him as an asset to the organisation, contributing to its continued success and growth.

Declaration

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except by virtue of him being the Alternate Director to Nur Farahbi Shaari, Nominee Director of PNB.
- He has complied with the Company's Conflict of Interest Policy.
- He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2023.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2023.

Executive Leadership Composition

as of March 2024

Ethnicity

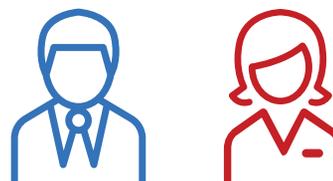
Group Managing Director

Bumiputera	1
Chinese	0
Indian	0

Senior Management

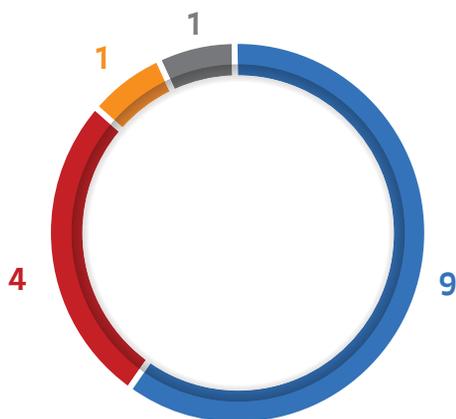
Bumiputera	5
Chinese	8
Indian	1

Gender



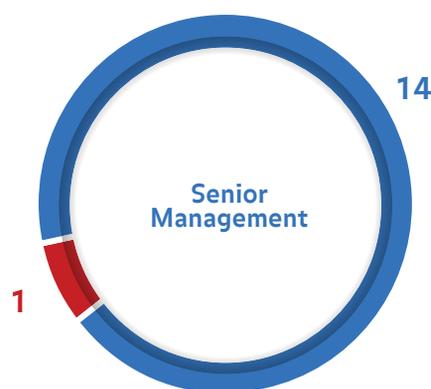
Group Managing Director	1	0
Senior Management	8	6

Age Group



- 35 - 39 years
- 40 - 49 years
- 50 - 59 years Including Group Managing Director
- 60 years and above

Nationality



- Malaysian
- Non-Malaysian

Executive Leadership Profiles



Nationality:
Malaysian
Age: **53**
Date Joined:
22 April 2020

DATO' AZMIR MERICAN
Group Managing Director

Academic/Professional Qualification(s)

- Bachelor's Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

For details of Dato' Azmir Merican's profile, please refer to page 189 of this Integrated Report.



Nationality:
**Non-Malaysian
(Permanent Resident of Malaysia)**
Age: **61**
Date Joined:
3 December 2018

BETTY LAU SUI HING
Group Chief Financial Officer

Academic/Professional Qualification(s)

- Associate of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")
- Fellow Member of Association of Chartered Certified Accountants, United Kingdom ("FCCA")
- Member of Malaysian Institute of Accountants ("MIA")

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2017-2018: Chief Financial Officer, Hatten Land Limited, Singapore
- 2010-2017: Chief Financial Officer, IOI Properties Group Berhad
- 2009-2010: Group Financial Controller, INTI Education Group, Laureate International Universities
- 2004-2009: Chief Financial Officer, Cosmos Discovery Sdn Bhd



Nationality:
Malaysian
Age: **56**
Date Joined:
1 April 2020

DATO' IR. MOHD SOHIMIN MOHD ALAYEDINI
Chief Executive Officer

– Property Development

Academic/Professional Qualification(s)

- Bachelor of Science in Civil Engineering, California State University, Long Beach, United States of America
- Member of The Institution of Engineers, Malaysia
- Professional Engineer, Board of Engineers Malaysia

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2020-2022: Chief Operating Officer – Township Development, Sime Darby Property Berhad
- 2013-2020: Managing Director, Project, Tropicana Corporation Berhad
- 2012-2013: Head of Project Management, Glenmarie Properties Sdn Bhd
- 2003-2012: General Manager, Planning, Development & Technical Audit, Kumpulan Hartanah Selangor Berhad
- 1997-2003: Head of Technical Department, Central Spectrum (M) Sdn Bhd
- 1994-1997: Assistant Project Manager, Sunway City Berhad
- 1992-1994: Site Engineer, PKNS Engineering & Construction Berhad
- 1991-1992: Site Engineer, Kulim Enterprise Sdn Bhd

Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

Public Sanction/Penalty

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.

Shareholdings

None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2023.

Executive Leadership Profiles



Nationality:
Malaysian
Age: **45**
Date Joined:
3 October 2011

APPOLLO LEONG YONG KUAN

Chief Operating Officer
– Township Development

Academic/Professional Qualification(s)

- Master of Science in Property Appraisal and Management, Sheffield Hallam University, United Kingdom
- Bachelor's Degree in Architecture, Manchester Metropolitan University and The University of Manchester, United Kingdom
- Bachelor of Applied Science in Architectural Technology, Curtin University, Australia
- Member of the Royal Institution of Chartered Surveyors ("MRICS")
- Member of the Royal Institute of British Architects ("RIBA")

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2021-2022: Deputy Chief Operating Officer – Township Development, Sime Darby Property Berhad
- 2020 - 2021: Senior General Manager, Business Unit 1, Sime Darby Property Berhad
- 2017-2019: General Manager, Business Unit 1, Sime Darby Property Berhad
- 2015-2017: Head of Cluster 1, Sime Darby Property Berhad
- 2014-2015: Head of Township, Elmina West & Puchong Land, Sime Darby Property Berhad
- 2011-2014: Development Manager, Sime Darby Property Berhad
- 2009-2011: Planning & Development Consultant, Peel Group, United Kingdom



Nationality:
Malaysian
Age: **55**
Date Joined:
1 February 2012

DATUK IR. MOHD IDRIS ABDULLAH

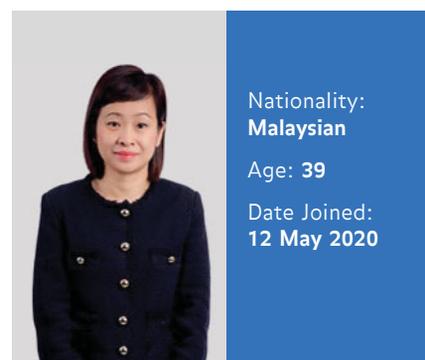
Chief Operating Officer
– Integrated Development

Academic/Professional Qualification(s)

- Bachelor's Degree in Civil Engineering (Hons), Universiti Teknologi Malaysia
- Member of The Institution of Engineers Malaysia
- Professional Engineer, Board of Engineers, Malaysia

Working Experience

- 2020: Senior General Manager, Business Unit 2/ Acting General Manager, Business Unit 3, Sime Darby Property Berhad
- 2017-2020: General Manager, Business Unit 2, Sime Darby Property Berhad
- 2015-2017: Head of Cluster 2, Sime Darby Property Berhad
- 2014-2015: Head of Township, Bandar Bukit Raja 2 & 3, Sungai Kapar Indah & Jalan Acob, Sime Darby Property Berhad
- 2012-2014: Head of Township, Nilai Impian 1 & 2 and Planters' Haven 1 & 2, Sime Darby Property Berhad
- 2008-2012: Held various positions in IJM Corporation and the last being the Head of Properties, IJM India
- 1991-2008: Project Manager, Road Builder Group of Companies



Nationality:
Malaysian
Age: **39**
Date Joined:
12 May 2020

AURELIA LEE MAY YOKE

Chief Operating Officer
– Investment & Asset Management

Academic/Professional Qualification(s)

- Master of Finance, RMIT University Malaysia
- Bachelor's Degree in Biotechnology, Monash University Malaysia

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2022-2023: General Manager, Corporate Planning & Development, Sime Darby Property Berhad
- 2020-2021: General Manager, Corporate Planning & Development | Acting Head, Investment & Asset Management, Sime Darby Property Berhad
- 2018-2020: Head of Corporate Strategy, UEM Edgenta Berhad
- 2011-2018: Vice President, Investments, Khazanah Nasional Berhad
- 2009-2011: Manager, Corporate Finance, RHB Investment Bank Berhad

Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

Public Sanction/Penalty

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.

Shareholdings

None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2023.



Nationality:
Malaysian

Age: **51**

Date Joined:
1 April 2021

DATUK LAI SHU WEI
Chief Marketing & Sales Officer

Academic/Professional Qualification(s)

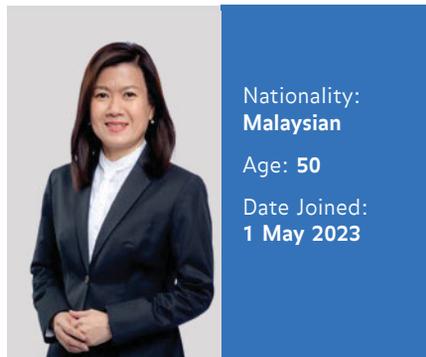
- Bachelor of Science in Business Administration, Tri-State University, United States of America
- Executive Programme, Advanced Strategic Management, IMD Business School, Switzerland

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2017-2021: Vice President & Head of Marketing, Commercial Division, Telekom Malaysia Berhad
- 2015-2017: Chief Marketing Officer, Webe Digital Sdn Bhd (a Telekom Malaysia company)
- 2013-2014: Group Chief Marketing & Head of Analytics, Standard Chartered Bank Malaysia Berhad
- 2005-2013: Senior General Manager, Maxis Berhad
- 2003-2005: Group Brand Manager, Johnson & Johnson Sdn Bhd
- 2001-2003: Senior Brand Manager, Nestle (Malaysia) Berhad
- 1999-2001: Franchise Manager, Johnson & Johnson ASEAN
- 1995-1999: Senior Brand Manager, Lam Soon Malaysia Berhad



Nationality:
Malaysian

Age: **50**

Date Joined:
1 May 2023

CHUA ENG IMM
Chief People Officer

Academic/Professional Qualification(s)

- Master of Business Administration in Human Resource Management, University of Wales
- Certified Credit Professionals (Consumer), The Institute of Bankers Malaysia

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2019-2023: Regional Head, Organisation Design, Workforce Planning and Analytics, CIMB Group
- 2018-2019: Regional Head, Workforce Planning & Talent Acquisition, CIMB Group
- 2015-2018: Regional Head, Organisation Design & Workforce Planning, CIMB Group
- 2007-2015: HR Relationship Manager, CIMB Bank
- 1995-2007: Assistant Branch Manager, Maybank (Branch Operations)



Nationality:
Malaysian

Age: **51**

Date Joined:
4 March 2024

ELMEN TAN YEW SENG
Chief Digital and Technology Officer

Academic/Professional Qualification(s)

- Master of Business Administration (MBA) Nottingham University of Malaysia
- Master of Science in Computer Aided Graphical Technology Applications University of Teesside, UK
- BSc in Information Technology University of Southern Queensland

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2021 -2024: Chief Innovation & Digital Officer, Hong Leong Assurance
- 2019-2021: Chief Operations Officer, AXA Affin General Insurance
- 2015-2018: Assistant Vice President, Metlife Solutions
- 2011-2015: Senior Development Manager, Hewlett-Packard

Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

Public Sanction/Penalty

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.

Shareholdings

None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2023.

Executive Leadership Profiles



Nationality:
Malaysian
Age: **51**
Date Joined:
5 March 2018

ARAVINDAN K. DEVAPALAN
Chief Assurance Officer

Academic/Professional Qualification(s)

- Association of Chartered Certified Accountants ("ACCA")
- Fellow Member of Association of Chartered Certified Accountants, United Kingdom ("FCCA")
- Member of Malaysian Institute of Accountants ("MIA")

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2012-2017: Chief Internal Auditor/Head of Group Internal Audit, Wah Seong Corporation Berhad
- 2012: Audit Director, KPMG Malaysia
- 2005-2012: Senior Manager, PricewaterhouseCoopers (Malaysia & Los Angeles)



Nationality:
Malaysian
Age: **53**
Date Joined:
24 November 2017

TANG AI LEEN
Chief Risk, Integrity & Compliance Officer

Academic/Professional Qualification(s)

- Master of Forensic Accounting, University of Wollongong, Australia
- Bachelor's Degree in Accounting and Finance, Middlesex University London, United Kingdom
- Member of the Malaysian Institute of Certified Public Accountants

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2017: Head of Compliance, Sime Darby Plantation Berhad
- 2012-2017: Head, Group & Divisional Compliance, Sime Darby Holdings Berhad
- 2007-2012: Associate Director, PricewaterhouseCoopers Advisory Sdn Bhd
- 2005-2007: Senior Manager, KPMG Forensic, KPMG Australia
- 1994-2005: Associate, KPMG Consulting Services Sdn Bhd



Nationality:
Malaysian
Age: **47**
Date Joined:
17 August 2021

NOREEN MELINI MUZAMLI
Group Company Secretary

Academic/Professional Qualification(s)

- Bachelor of Laws (Hons), University of Bristol, United Kingdom
- Licensed Secretary by the Companies Commission of Malaysia
- Certificate of Legal Practice, Brickfields College

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2015-2021: General Manager, Corporate Secretarial Services/Joint Company Secretary, Bumi Armada Berhad
- 2010-2015: Regional Head, Corporate Secretarial Services, Maybank Kim Eng/Company Secretary, Maybank Investment Bank Berhad
- 2006-2010: Assistant Vice President, Group Secretarial Services, Malayan Banking Berhad
- 2001-2006: Senior Executive, Secretarial Services, United Malayan Land Berhad

Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

Public Sanction/Penalty

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.

Shareholdings

Save for Tang Ai Leen who holds 5,000 ordinary shares (direct), none of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2023.



Nationality:
Malaysian
Age: **56**
Date Joined:
4 January 2021

MOHD RAZIF MOHD YUSOFF

General Manager, Health, Safety, Security & Environment

Academic/Professional Qualification(s)

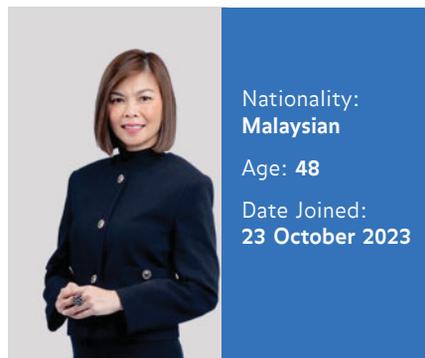
- Bachelor's Degree (Hons) in Mechanical Engineering, The University of Wollongong, Australia

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2021-2023: General Manager, Safety & Sustainability, Sime Darby Property Berhad
- 2017-2020: Head, Operational Excellence & HSSE, UEM Edgenta Berhad
- 2013-2017: Group HSSE Expertise Team Lead, Shell HQ, The Hague
- 2012-2013: General Manager, Downstream Retail, Shell Pakistan
- 1991-2012: Various roles in Shell Malaysia - Operations, HSSE, Learning Manager, Project and Maintenance Engineering



Nationality:
Malaysian
Age: **48**
Date Joined:
23 October 2023

DR. YASMIN RASYID

General Manager, Sustainability

Academic/Professional Qualification(s)

- PhD in Sustainability Studies, University of Malaya
- Master of Science (M.Sc.) in Biotechnology, University of Malaya
- Bachelor's Degree, Biology, Duke University

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2019-2023: Sustainability Director (Malaysia), Lendlease Malaysia
- 2018-2019: Programme Director, Malaysia Global Center of Innovation and Creativity ("MaGIC")
- 2012-2019: Vice Chairman/Chairperson, Malaysian Environmental NGOs ("MENGO")
- 2005: Founder, EcoKnights
- 2005-2023: President EcoKnights
- 2003-2005: Head of Research and Development, Profound Vaccine Sdn Bhd
- 1998-2003: Communications Officer/Scientific Officer, WWF-Malaysia



Nationality:
Malaysian
Age: **39**
Date Joined:
16 July 2007

JORDAN NG SEAH HEE

Head, Corporate Planning & Development

Academic/Professional Qualification(s)

- Bachelor of Science (Hons) in Genetics & Molecular Biology from the University of Malaya
- Chartered Financial Analyst ("CFA")

Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

Working Experience

- 2023: General Manager, Corporate Development & Transformation, Sime Darby Property Berhad
- 2021-2022: General Manager, Transformation Office/Acting Head, Digital & Transformation, Sime Darby Property Berhad
- 2017-2020: Manager/Head, Transformation Office, Sime Darby Property Berhad
- 2010-2017: Senior Executive/Assistant Manager/Manager, Corporate Finance, Sime Darby Holdings Berhad
- 2007-2010: Executive, Corporate Assurance, Sime Darby Holdings Berhad

Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

Public Sanction/Penalty

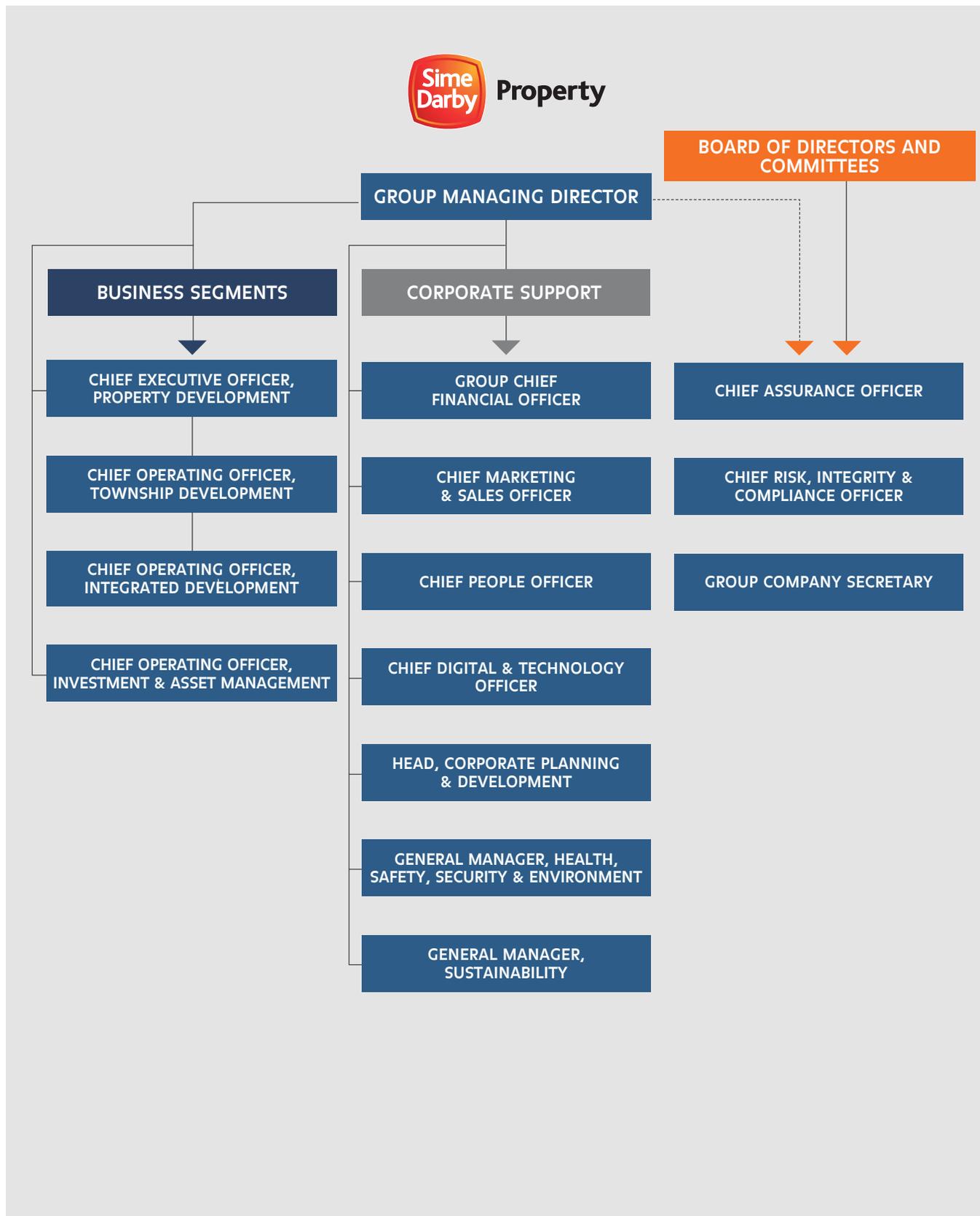
None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.

Shareholdings

None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2023.

Organisation Structure

as at 31 March 2024



Corporate Governance Overview Statement

LEADERSHIP & PURPOSE

Chairman’s Introduction



On behalf of the Board, I am pleased to present the Corporate Governance Overview Statement for the financial year ended 31 December 2023. This Statement describes the governance structures and procedures in place and summarises the work of the Board and its Committees to illustrate how our responsibilities have been discharged in 2023.



This Corporate Governance Overview Statement is to be read with our Corporate Governance Report which is made available online at <https://www.simedarbyproperty.com/investor-relations/shareholders>.

The Board recognises the intrinsic value and importance of robust corporate governance and the role it plays in supporting the long-term success and sustainability of the business. This Corporate Governance Overview Statement provides vital insights into the corporate governance practices of the Sime Darby Property Group (“the Group”), guided by the principles and best practices as set out in the Malaysian Code of Corporate Governance (“MCCG”) published by the Securities Commission of Malaysia (“SC”).

As Sime Darby Property steadfastly pursues its strategic and sustainability goals and objectives, the Board and Management remain committed to fortifying the Group’s governance framework. This ongoing effort ensures that the Group’s governance structure harmoniously aligns with its strategic and operational goals and objectives while upholding principles of ethical behaviour, accountability, transparency and sustainability. The Board maintains unwavering focus on the Purpose, Vision, Mission & Values (“PVMV”) of the Group and corporate culture, aiming to drive innovation and discover novel workable solutions to prevailing challenges.

The rest of the Corporate Governance Overview Statement will provide a comprehensive insight into how the Company continues to uphold elevated standards of corporate governance. Each key Board Committee will provide details of its respective undertakings, demonstrating our steadfast commitment to transparency and accountability in all facets of our operations.

FRAMEWORKS APPLIED

- MCCG
- Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)
- Corporate Governance Guide 4th Edition issued by Bursa Malaysia Berhad (“Bursa Malaysia”)
- Companies Act 2016 (“CA 2016”)
- Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries published by the SC
- Corporate Governance Monitor 2022 published by the SC
- Developments in market practice and regulations

MCCG PRINCIPLES

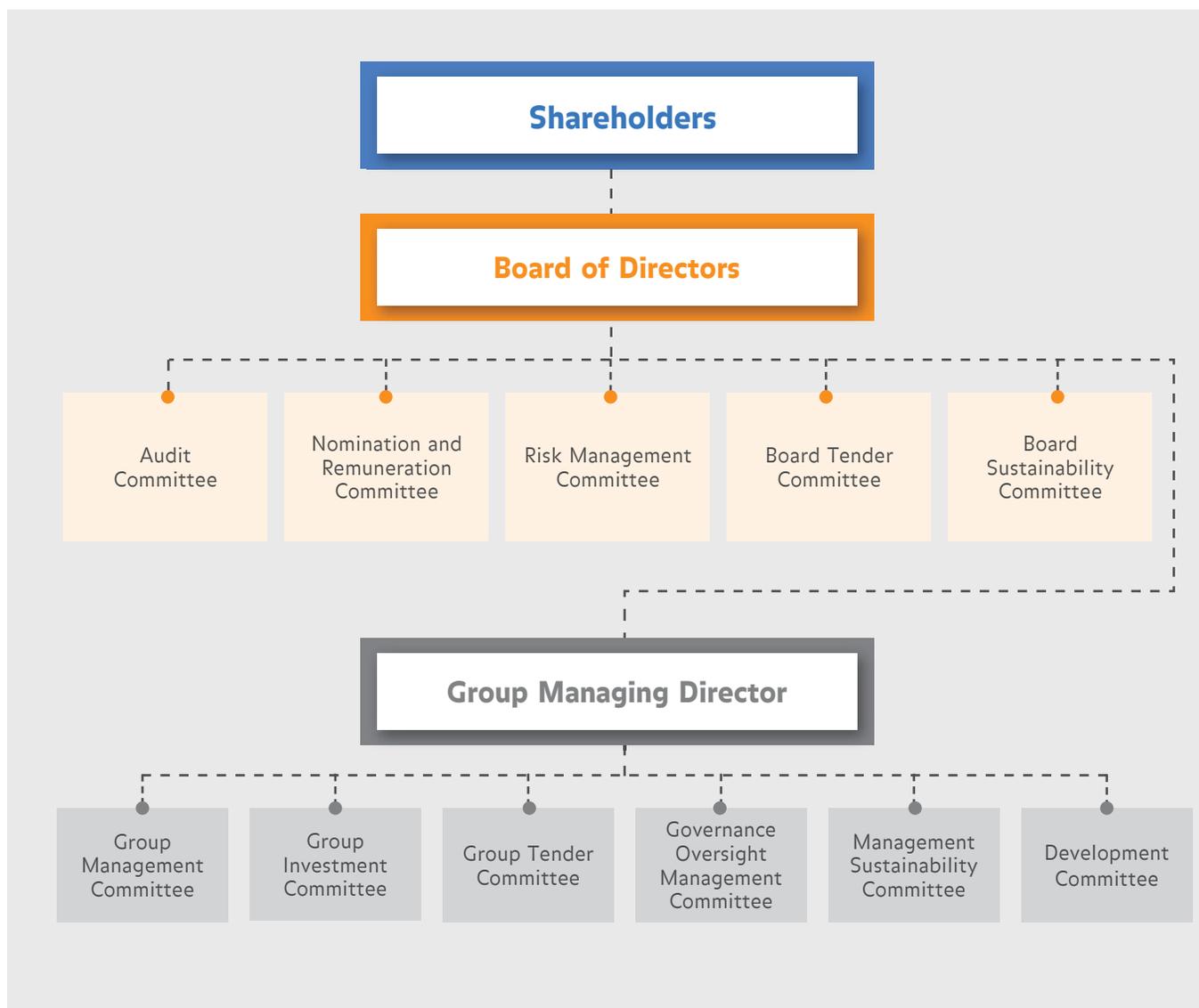
PRINCIPLE A	PRINCIPLE B	PRINCIPLE C
Board Leadership and Effectiveness	Effective Audit and Risk Management	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

We strongly believe that sound corporate governance practices serve as a cornerstone for driving shareholder value, fostering business integrity, instilling investors’ confidence and realising the Group’s corporate objectives and vision.

Corporate Governance Overview Statement

GOVERNANCE FRAMEWORK

The existing Sime Darby Property governance framework ensures orderly and effective discharge of the Board's roles and responsibilities where the Board has delegated specific responsibilities to the Board Committees, Group Managing Director ("GMD") and Management Committees, as depicted below:



— PRINCIPLE — **A** — BOARD LEADERSHIP AND EFFECTIVENESS —

The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interest of all other stakeholders. The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently.

Amidst an increasingly challenging business environment, the Board is committed to strengthening the Group’s corporate governance practices and processes to effectively meet growing operating challenges.

Sound corporate governance practices are the cornerstone of achieving sustainable long-term performance, maximising returns for the Group’s stakeholders, and creating long-term economic value and growth.

The governance framework, its structure and processes, are built upon the Terms of Reference (“TOR”) of the Board Committees, which are complemented by the Group’s Policies and Authority Limits and supported by the various management committees, policies and procedures.

The Board works to ensure that the Group’s governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements. The structure and associated practices are reviewed when necessary to reflect the changes in the Group’s operating environment.

BOARD CHARTER

The Board Charter is a primary source of reference for Directors on matters relating to the Board and its processes, as well as the roles and responsibilities of the Board, the individual Directors and the Senior Independent Director (“SID”). It sets out the Board’s strategic intent and authority, outlines its high-level duties, as well as those which the Board may delegate to the Board Committees, the GMD and Management.

The Board Charter identifies clearly, the issues, matters and decisions specifically reserved for the Board. It also outlines what is expected of individual directors in terms of commitment, roles and responsibilities as Directors.

While appropriately delegating its authority to Board Committees or Management, the Board does not abdicate its responsibility and exercises at all times, collective oversight of them. The Board further ensures that it does not leave the management of the Company’s affairs to the Board Committees without committing a breach of duty and that the Directors remain responsible for the exercise of such powers.

The Board Charter is accessible on the Group’s corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

ETHICAL LEADERSHIP BY THE BOARD

Sime Darby Property is guided by the Code of Business Conduct (“COBC”), which outlines the standards of behaviour and ethical conduct expected of all Directors, employees, counterparts and business partners of the Group. The COBC not only promotes legal and procedural compliance but also provides a moral compass to ensure that the individual’s behaviour is in line with the Group’s core values and business objectives.

All Directors and employees are expected to understand the principles and standards stipulated and must comply with them not only in their form but also in the substance of the ethical principles and conduct stated in the COBC. Further details on the COBC are available on the Group’s corporate website.

In addition, Sime Darby Property has in place various ethical policies, which include a Conflict of Interest (“COI”) Policy, last revised in November 2023. The COI policy provides guidance to Directors and employees on the following and, prevents acts of conflict of interest from damaging the Group’s interest and reputation:

- 1) The need to disclose their interest or interest of a person connected to them that might appear to affect their ability to perform their fiduciary duties or interfere, appear to interfere, with the interests of Sime Darby Property Group; and
- 2) Identifying and handling potential, perceived, and actual conflicts of interest, including interest in any competing business, whether in the same geographical location as the Group’s business or otherwise, as and when the conflict of interest may arise.

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

Directors are required to inform the Chairman of the Board as soon as practicable after the relevant facts have come to their knowledge of any conflicts or potential conflicts of interest they may have, including interest in any competing business.

As part of enhancing the Sime Darby Property's ability to manage conflict of interest, the Board has instituted the need for the Board and the Board Tender Committee ("BTC") meeting agenda to be shared with the Directors/BTC Members in advance to enable them to assess whether they are in actual or potential conflict with any of the agendas to be tabled at the meeting. Directors who have disclosed interest in a specific agenda item will have restricted access to the relevant meeting paper(s). At the start of the meetings, the Chairman would notify the Directors whether the Group Company Secretary had received any declaration of conflict of interest or potential conflict of interest prior to the meeting.

During meetings, Directors must also disclose the extent and nature of their interests at a Board meeting or as soon as practicable after they become aware of the potential or actual conflict of interest. Further to this, a Director must abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party unless resolved otherwise by the remaining members of the Board. Directors may only use or disclose information relating to Sime Darby Property to the extent that such use or disclosure is consistent with their duties as directors. All Directors, during the financial year under review, have complied with Sime Darby Property's COI Policy.

In addition, no contracts relating to loans involving the interests of Directors and Major Shareholders were entered into by the Group during FY2023, as disclosed in the audited financial statements. This not only upholds the Group's commitment to transparency and integrity but also mitigates risks associated with conflict of interest.

The Board has also, during the year under review, approved the changes to the Audit Committee ("AC") TOR and the Group's COI policy that have reflected the revised conflict of interest requirements as prescribed by the amendments to the Bursa Securities' Listing Requirements on 26 May 2023.

The Board is also guided by the Related Party Transactions ("RPT") policy, which was last updated in November 2023. This policy aims to ensure proper identification of related parties and that RPTs are declared, approved and reported appropriately. It sets forth the procedures and guidelines for

reviewing RPTs and Recurrent RPTs ("RRPTs"), which requires any Director or key management personnel who has an interest ("Interested Party"), whether direct or indirect, in any RPT must abstain from deliberations and voting on the relevant resolution at the AC/BTC/Board meeting and ensure that persons connected with the Interested Party also abstain from voting at the relevant meeting. Where shareholders' approval is required, a related party with any direct or indirect interest must not vote on the resolution in respect of the RPT at the shareholders' meeting. Interested Party must also ensure that persons connected with them also abstain from voting on the resolution at the shareholders' meeting.

A Notice of Closed and Open Period is issued to the Directors and Principal Officers of the Company by the Group Company Secretary on a quarterly basis, which underscores the obligation to promptly notify the Company of any dealings in its shares during these periods, within the stipulated timeline of Bursa Securities' Listing Requirements, as they may be in possession of price-sensitive information relating to the Group. Notably, during the year under review, neither the Board nor the Principal Officers of the Company engaged in any trading activity within the closed and open period.

THE ROLE OF THE BOARD AND ITS COMMITTEES

Good governance practices are integrated across the Sime Darby Property Group. The Board is accountable to shareholders to create and deliver sustainable value through oversight of the management of the Group's business, approving strategic plans, monitoring their implementation and providing the necessary support for their successful execution.

The Board is ultimately responsible for all the actions and decisions of the Company and has in place specific policies, procedures and processes to guide organisational behaviour and to ensure that the line of responsibility between the Board and Management is clearly demarcated.

The Board discharges its responsibilities within a clearly defined governance framework and robust mechanisms in place. Effective operation of the Board relies on clarity of the various roles and responsibilities.

The Board has established Board Committees to oversee the important strategies and policies, and maintain effective oversight in respective areas. The Chairman of each Board Committee reports to the Board on salient matters discussed at the respective Board Committee meetings.

The table below shows the governance oversight role of the Board, the various components of governance that facilitate the interaction and flow between them.

THE BOARD			
Considers the balance of interests between stakeholders for the long-term success of the Group.	Oversees the Group’s governance.	Sets the Group strategy.	Oversees alignment of the Group’s purpose, culture and values, strategy and risk appetite.
NOMINATION AND REMUNERATION COMMITTEE (“NRC”)		RISK MANAGEMENT COMMITTEE (“RMC”)	
<p>Supports the Board on the following:</p> <ul style="list-style-type: none"> Reviews the composition and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board. Reviews the performance evaluation, succession planning and human capital development focus in the Group, remuneration framework for the Non-Executive Directors (“NEDs”), Executive Director, key critical positions and employees of the Group. Reviews the fit and proper assessment of the Board and Executives holding directorship in Sime Darby Property Group including the Company Secretaries. 		<ul style="list-style-type: none"> Supports the Board in fulfilling its responsibilities pertaining to risk, integrity and compliance management. Oversees the implementation of the Group’s risk, integrity and compliance frameworks and its related key processes. Provides oversight, direction and counsel over key areas related to information technology and sustainability on top of other key material enterprise and operational risks of the Group. Ensures that Management has put in place adequate resources, infrastructure, systems, controls, and processes to manage material risks that could impact the Group’s ability to achieve its strategic objectives and targets while safeguarding shareholders’ investment and the Group’s assets. 	
AUDIT COMMITTEE (“AC”)		BOARD TENDER COMMITTEE (“BTC”)	
<ul style="list-style-type: none"> Supports the Board in overseeing the Group’s financial reporting process and practices, reviews the Group’s business process and system of internal controls across the Group, assesses suitability, objectivity and the independence of both external auditors and internal audit function. Reviews and manages any conflict of interest of Directors and Key Senior Management that arises. 		<ul style="list-style-type: none"> Supports the Board in overseeing the process of awarding significant tender awards valued above RM50 million and up to RM300 million. Reviews the procurement policies and procedures as set out in the Group Policies and Authorities (“GPA”), and Group Procurement Policies and Authorities. 	
BOARD SUSTAINABILITY COMMITTEE (“BSC”)			
Supports the Board in overseeing the Group’s Environmental, Social and Corporate Governance (“ESG”) strategy and framework and regularly assesses the adequacy and effectiveness of such strategy and framework.			
<p>The TOR of the Board Committees are available on the Group’s website at www.simedarbyproperty.com/who-we-are/corporate-governance.</p>			
GROUP MANAGING DIRECTOR			
Responsible for the overall operations of the business, organisational effectiveness and implementation of the Group’s strategies and policies.			
MANAGEMENT			
<p>Manages day-to-day operations of the Group and supports the GMD in implementing strategies and conducting business operations.</p> <p>The Management is given certain powers to execute transactions under the GPA, specifically the Limits of Authority. The Directors are fully aware that such delegation does not absolve them from their responsibilities as they remain responsible for the Management’s exercise of powers as if such powers have been exercised by the Directors themselves.</p>			

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

BOARD LEADERSHIP

Sime Darby Property is led by the Board which is responsible for the stewardship of the business and affairs of the Group on behalf of its shareholders and all other stakeholders.

The Board's primary role is to determine Sime Darby Property's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection of shareholder value, the Board takes into account the interests of stakeholders, including employees, business partners, local communities, regulators and the general public.

Whilst shareholders and the Board jointly provide oversight on the control and management of the Company, the ultimate decision-making authority vests with the shareholders at the Annual General Meeting ("AGM") where, amongst others, important resolutions such as the re-election and remuneration of the Directors and appointment of External Auditors are considered and approved.

The Board, on the other hand, is accountable to the shareholders for the performance of the Company. In this regard, the Board directs and monitors the business and affairs of the Company on behalf of the shareholders.

The Board sets, oversees and approves the overall strategic objectives, direction and performance of the Group with some strategic oversight delegated to Board Committees. The Board takes appropriate action to ensure that the Group is suitably resourced to achieve its strategic aspirations. The Board considers the impact of its decisions and its responsibility to all the Group's stakeholders.

The Board ensures that the Group's strategic plan supports long-term value creation and includes strategies on economic, ESG considerations thereby strengthening the integration of sustainability in the Group's operations. Through sustainable practices, the Group becomes more resilient, is able to create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

The Board ensures that it is well-positioned to satisfy its oversight responsibility through periodic assessment of Board agenda priorities to ensure that it is well-informed on a timely basis on key and significant matters.

Together with Management, the Board promotes good corporate governance culture within the Group ensuring ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

The Board considers each NED to be independent in character and judgement.

The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities. The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the GMD to implement strategies approved by the Board.

PRINCIPAL BOARD ACTIVITIES IN 2023

During the financial year under review, the Board spent a considerable amount of time reviewing and discussing with Management the impact of labour shortage challenges, rise in material prices, as well as market challenges and headwinds. This included discussions on actions taken to fortify the financial and operational performance. At every scheduled Board meeting, the Senior Management and the Group Company Secretary apprised the Board on financial matters, operational, strategic activities and governance, respectively. The table below provides examples of significant matters discussed since the financial year ended (“FY”) 31 December 2023:

Topic	Activity and Outcome
Strategic Growth and Sustainability Agenda	<ul style="list-style-type: none"> • Reviewed and approved the proposed Annual Operating Plan for Financial Year (“FY”) 2024 to 2026, presented by all Heads of Business Units and key Departments at the 2024 Board Strategy Session held in November 2023. • Received quarterly reports by the GMD, comprising status updates of the Corporate Priorities of the Group, the performance of each Business Units against respective targets and action plans in ensuring the targets would be achieved as per timeline. • Reviewed the refinements made to the proposed Sustainability Strategy and Net Zero Announcement. • Received quarterly Sustainability Report, which includes, amongst others, the net zero emission goals, urban biodiversity, social sustainability and, disclosures and reporting. • Reviewed and approved the Sustainability Statement for FY2022 Annual Report and Sustainability Report for FY2022. • Received quarterly reports on the Health, Safety, Security and Environment of the Group. • Reviewed fatality incident investigation report and respective mitigation action plans. • Reviewed the proposed acquisition under Call Option Agreement with Sime Darby Plantation Berhad (“Kapar Land”) and recommended to the shareholders (non-interested) for approval at the Extraordinary General Meeting (“EGM”) on 24 May 2023, taking into account the AC’s views regarding this RPT. • Reviewed and approved the appointment of Principal Advisor and Independent Advisor for the Sungai Kapar transaction, to which the latter had assessed and confirmed the fairness of the transaction price equivalent to the market value of the land as valued by the independent valuer. • Reviewed and approved the establishment of a joint venture company with Lagenda Properties Sdn Bhd. • Reviewed the Property Development Recurring Income Playbook Initiatives. • Reviewed and approved developments above the RM250 million Gross Development Cost Limit of the GPA. • Reviewed and approved divestment of non-core lands as part of the landbank management and monetisation activities. <p>The Board received updates on all matters discussed at the BSC meetings as set out on pages 26 to 27 of the Sustainability Report 2023 issued together with this Integrated Report 2023.</p>

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

Topic	Activity and Outcome
Financial and Business Performance	<ul style="list-style-type: none"> • Reviewed and approved the Audited Financial Statements for FY 31 December 2022. • Reviewed and approved the Quarterly Results, which covered revenue, profits, cash flow and debt position, for announcement to Bursa Securities. • Reviewed and approved the Quarterly Press Releases for announcement to Bursa Securities. • Reviewed and approved the Global Statutory Audit Fees for the FY 31 December 2023. • Reviewed and approved the first and second single tier dividend for the FY 31 December 2023, which dividends were paid in equitable and timely manner (within one month from the book closing date). • Reviewed and approved Zakat contributions. • Approved report/contents of the Annual Report for FY2022, comprising the Corporate Governance (“CG”) Overview Statement and CG Report. • Reviewed and approved the Audit Re-tendering Policy. • Reviewed and approved the Non-Audit Services Policy. • Received quarterly updates on the progress of the Battersea Power Station project. • Received quarterly Investor Relations report. • Received the summary of changes in accounting practices. <p>The Board received updates on all matters discussed at the AC meetings as set out in the AC Report on page 241.</p>
Governance, Integrity and Risks	<ul style="list-style-type: none"> • Reviewed and approved amendments to the TOR of the NRC, RMC, AC, BSC and BTC to align with the MCCG and market best practices. • Reviewed and approved the revisions to the Fit and Proper Policy for Sime Darby Property Group. • Reviewed the results and findings of the Board Effectiveness Evaluation (“BEE”) for FY2022, facilitated by an external consultant. • Noted Minutes of Board Committee Meetings and received updates from the Chairman of respective Board Committees. • Reviewed quarterly reports on RPTs and RRPTs. • Reviewed proposals deemed to be RPT and ensured such RPTs were conducted on a fair and at arm’s length basis. • Assessed the independence of its Independent Directors. • Reviewed and approved the revisions to Sime Darby Property’s GPA and COBC for adoption by the Group. • Received quarterly updates on cybersecurity events and risk matters. • Received updates on ESG Risk Assessment for Top Six (6) Material Matters. • Reviewed and approved changes to corporate representatives and principal officers of the Group. • Reviewed the agenda outline of Board and Board Committees’ meetings for 2024. <p>The Board received updates on all matters discussed at the RMC meetings as set out in the RMC Report on pages 244 and 245.</p>
People, Leadership and Succession Planning	<ul style="list-style-type: none"> • Reviewed the retirement of Directors by rotation and eligibility for re-election and recommended their re-election at the 50th AGM. • Reviewed and approved changes to the composition of the Board and Board Committees, i.e. appointment of Non-Independent NED and her alternate, and as an additional member of the BSC. • Reviewed and approved the Performance Scorecards for Corporate/GMD and GMD-1s for FY2022 and scorecard setting for FY2023. • Reviewed and approved the appointment, promotions and contract renewal of key critical positions. • Received updates on the succession planning and development of senior critical roles and talents of the Group. • Received updates on Human Resources (“HR”) Department’s focus for FY2023. • Reviewed the progress update on roll-out of PVMV including initiatives for building up the desired culture. • Reviewed the trainings attended by Directors and provide guidance on focus areas for development.

Topic	Activity and Outcome
Remuneration Matters	<ul style="list-style-type: none"> • Reviewed and recommended the NEDs' Fees and Benefits for shareholders' approval at the 50th AGM. • Reviewed and approved the revisions to the salary and benefits of the Group's employees. • Reviewed and approved the 3-year scorecard targets and framework for long-term variable compensation for GMD and key Senior Management. • Reviewed Senior Management's End-of-Contract Gratuity. • Reviewed and approved salary increments for FY2023 and bonus payout for FY2022, for Group's employees. <p>The Board received updates on all matters discussed at the NRC meetings as set out in the NRC Report on pages 225 and 226.</p>

BOARD COMPOSITION

During the financial year under review, the composition of the Board exceeded the requirements of Paragraph 15.02 of the Listing Requirements of Bursa Securities as more than one-third of its members are Independent NEDs. This composition enables an objective and effective check and balance on the Board's deliberation and decision-making.

For Sime Darby Property, the Board's current size of eleven (11) members ensures that the purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Company's strategic objectives.

The current Board's composition is diverse in terms of age, gender and a blend of skills, experience and knowledge enabling it to provide effective oversight, strategic guidance and constructive challenge to the GMD and Management. This is to ensure diversity and inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation at its meetings.

The Directors are selected based on their individual merits and experience. This collective mix and diversity adds value to Board processes and decisions. The current Board composition comprises individuals of diverse backgrounds with the relevant and right mix of knowledge, experience, skills and expertise.

The tenure of all Independent NEDs do not exceed a term limit of twelve (12) years in line with the requirement of the enhanced Listing Requirements of Bursa Securities announced on 19 January 2022. As at the date of this Statement, none of the Independent NEDs has served the Board for more than nine (9) years pursuant to Sime Darby Property's Board Charter and in compliance with Practice 5.3 of the MCCG.

The Board reviews annually the declarations made by Directors on the number and nature of their external directorships, as well as their assurances on time commitment, to ensure that they are able to effectively continue discharging their duties and responsibilities.

Details of Directors' external directorships are set out in their respective profiles on pages 188 to 199 of this Integrated Report 2023.

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

DIVISION OF RESPONSIBILITIES AND ROLES OF THE DIRECTORS AND THEIR COMMITTEE MEMBERSHIPS

The Board is responsible for the overall conduct of Sime Darby Property's business, including its long-term success, setting of values, standards and strategic objectives, reviewing the performance and ensuring effective communication with shareholders.

CHAIRMAN

- Responsible for providing appropriate leadership to the Board and Group to ensure its smooth functioning and the fulfilment of obligations to the Group.
- Leads the Board in setting the values and ethical standards of the Group, instilling good corporate governance practices, leadership and effectiveness of the Board.
- Conducts meetings of the Board and shareholders, and ensures that they are properly briefed at their respective meetings with sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranges informal meetings beforehand to enable thorough preparation so that ultimately, decisions can be made on a sound and well-informed basis.
- Provides leadership for the Board so that the Board can perform its responsibilities effectively.
- Ensures effective communication with shareholders and relevant stakeholders and taking appropriate steps to do so.
- Leads the Board in setting the Group's key policies and direction.
- Acts as spokesperson for the Board, thereby becoming its public face.
- The Chairman is not Chairman of any of the Board Committees.
- The roles of the Chairman and GMD are separated, consistent with the principle of good corporate governance to promote accountability and facilitate division of responsibilities between them.
- Facilitates meetings of the Board and ensures that no Board member, whether executive or non-executive, dominates the discussion, and that healthy debate takes place.

GROUP MANAGING DIRECTOR

- Responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented in line with the Board's direction.
- Fosters an organisational culture that is aligned with the Group's corporate values.
- Serves as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions.
- Regularly reviews the performance of the Heads of Divisions and Departments who are responsible for all functions contributing to the success of the Group.
- Develops and implements the Group's long-term strategy and vision leading to the creation of long-term profitability and stakeholder value.
- Keeps the Board fully informed on all important aspects of the Group's operations and ensures that sufficient and adequate information is provided to the Board members.
- Promotes a corporate culture entrenched in core ethical values of individuals as well as collective responsibility, integrity and accountability and implements the Group's corporate social responsibilities.
- Ensures the day-to-day business affairs of the Company are effectively managed.
- Recommends suitable management structure and operating authority levels.

SENIOR INDEPENDENT DIRECTOR

- Designated contact to whom concerns pertaining to the Group may be conveyed to by shareholders and other stakeholders.
- Chairs meetings of the Board and shareholders in the absence of the Chairman.

NON-EXECUTIVE DIRECTORS

- Ensure that business and investment proposals presented by Management, key transactions or critical decisions are fully deliberated, examined and decided on by the Board in a meeting.
- Play a key role by providing unbiased, unfettered and independent views, advice and judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole, regardless of their independent status.

All Directors have demonstrated that they are able to allocate sufficient time to the Company in discharging their duties and responsibilities, and their commitment has been affirmed by their attendance at the meetings held in FY2023, as reflected below:

	NUMBER OF MEETINGS							
	AGM	EGM	BOARD	AC	NRC	RMC	BTC	BSC
CHAIRMAN								
Dato' Rizal Rickman Ramli	1/1	1/1	6/6	-	-	-	-	-
GROUP MANAGING DIRECTOR								
Dato' Azmir Merican ⁽¹⁾	1/1	1/1	6/6	6/6	9/9	4/5	5/5	5/5
SENIOR INDEPENDENT DIRECTOR ("SID")								
Dato' Soam Heng Choon ⁽²⁾	1/1	1/1	6/6	-	10/10	5/5	5/5	-
NON-EXECUTIVE DIRECTORS								
INDEPENDENT								
Dato' Seri Ahmad Johan Mohammad Raslan	1/1	1/1	6/6	6/6	10/10	-	-	5/5
Datin Norazah Mohamed Razali	1/1	1/1	6/6	6/6	10/10	-	-	4/5
Mohamed Ridza Mohamed Abdulla ⁽³⁾	1/1	1/1	6/6	6/6	-	5/5	4/4	-
Dato' Hamidah Naziadin	1/1	1/1	6/6	-	10/10	-	-	4/5
Dr. Lisa Lim Poh Lin	1/1	1/1	6/6	-	-	5/5	-	5/5
NON-INDEPENDENT								
YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	1/1	1/1	6/6	-	-	5/5	5/5	-
Tan Sri Jaganath Derek Steven Sabapathy ⁽⁴⁾	1/1	1/1	6/6	6/6	-	5/5	5/5	-
Nur Farahbi Shaari ⁽⁵⁾	-	-	1/1	-	-	-	-	1/1
ALTERNATE DIRECTOR								
Khalid Mohammed Noor ⁽⁶⁾	-	-	1/1	-	-	-	-	1/1

Note:

⁽¹⁾ A permanent invitee of Board Committee meetings.

⁽²⁾ Redesignated to SID effective 23 March 2023.

⁽³⁾ Appointed as BTC member effective 1 March 2023.

⁽⁴⁾ Redesignated to Non-Independent NED effective 23 March 2023.

⁽⁵⁾ Appointed as Non-Independent Director and BSC Member on 1 September 2023.

⁽⁶⁾ Appointed as Alternate to Nur Farahbi Shaari on 1 September 2023. He is an invitee of Board and BSC meetings.

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

DISCHARGING BOARD RESPONSIBILITIES

The Board safeguards stakeholder value-creation. The Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic and ESG considerations thereby strengthening the integration of sustainability in the Company's operations. Through sustainable practices, the Company becomes more resilient, is able to create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

In fostering a strong corporate governance culture, the Board strives for the highest standard of corporate governance practices. The Chairman leads the Board by setting the tone at the top and managing the Board's effectiveness by focusing on strategy, governance and compliance. Together with Management, the Board ensures ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

The positions of the Chairman and the GMD are held by different individuals with clear and distinct roles formally documented in the Board Charter.

Prudent and effective controls enable the Board to assess and manage emerging risks and opportunities continuously, to ensure long-term sustainable development and growth.

The presence of NEDs on the Board ensures that no individual or small group of Directors are able to dominate the decision-making process and that the interests of shareholders are protected. The Board considers each Independent NED to be independent in character and judgement.

The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the GMD to implement strategies approved by the Board.

In delegating its authority to Board Committees, the Board does not abdicate its responsibility and ensures that its delegation does not hinder or reduce its ability to discharge its functions. In this regard, the Board clearly sets out the division of responsibilities in the respective TORs.

GROUP COMPANY SECRETARY

The Group Company Secretary of Sime Darby Property is qualified to act as the company secretary under Section 235 of the CA 2016. Her profile is stated on page 204 of the Integrated Report.

The Group Company Secretary's roles and responsibilities are clearly specified in the Board Charter and outlined in the CG Report under Practice 1.5. Based on the findings of the BEE conducted for the financial year under review, the Board is satisfied with the performance of the Group Company Secretary, who has provided effective support to the Board in discharging its responsibilities in FY2023.

DIVISION OF RESPONSIBILITIES

There is a clear division between the executive and non-executive responsibilities, which ensures accountability and oversight. During the financial year under review, the NEDs held at least one discussion without the presence of the Executive Director and Management via various platforms. The roles of Chairman, GMD and SID are clearly defined, set out in writing and regularly reviewed by the Board and are available on the Group's website under the Corporate Governance section.

RESPONSIBILITY AND DELEGATION

The Board meets at least once every quarter in a financial year. Meeting dates are scheduled in advance (before the commencement of each calendar year) to enable the Directors to plan their schedules ahead. Directors are expected to allocate sufficient time to perform their responsibilities effectively, including adequate time to prepare for Board meetings.

Key decisions are made at Board meetings while Directors' Written Resolutions are confined to administrative matters or to formalise matters that have been deliberated at Board meetings. All Directors' Written Resolutions are supported with sufficient information to enable the Directors to make informed decisions. Directors' Written Resolutions passed by the Board are tabled at the next Board meeting for notation.

Board meetings are convened immediately following the finalisation of the Group's quarterly and annual results for the Board's review and approval prior to announcement to Bursa Securities.

Comprehensive Board papers comprising objectives, background issues, implications of risks, and other relevant information are prepared to enable the Board to make informed and effective decisions.

The robust and vigorous deliberations at Board and Board Committee meetings provide opportunities for all Directors to participate and contribute to the decision-making process as well as to ensure that constructive and healthy dialogues are satisfactorily achieved.

Relevant members of Senior Management and external advisers may be invited to attend Board meetings to report and advise the Board when matters under their purview are being considered or as otherwise requested by the Board, to enable informed decision-making. In the event a Director is unable to attend a meeting, his/her views are sought in advance and put to the meeting to facilitate a comprehensive discussion. This means that each Director makes himself/herself available to other fellow Directors and is able to contribute to all major decisions before the Board.

The Board is satisfied that each Director is committed and has devoted sufficient time to effectively discharge his/her responsibilities, although some Directors hold multiple directorships. This is evident from the Directors' high record of attendance for meetings as well as active participation at meetings.

In compliance with Paragraph 15.06(1) of the Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. During the financial year under review, the Directors notified the Group Company Secretary as and when they resigned/retired from other boards, which were updated to the Board accordingly.

During the financial year under review, the Board met six (6) times, four (4) of which were scheduled meetings. All Board Committee meetings were conducted separately from the Board meeting to enable objective and independent discussion during the meeting. Most Board meetings were held in hybrid mode with majority of the Directors attending in person throughout the year. All Directors achieved more than 80% rate of attendance of Board and Board Committee meetings held in 2023, which is above the minimum requirements on attendance of at least 50% at Board meetings pursuant to Paragraph 15.05(3)(c) of the Listing Requirements.

ACCESS TO INFORMATION AND ADVICE

Presentations to the Board are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter. If there are any urgent matters or additional documents that are sent at least three (3) business days before the meeting, the Management will take the Board through the documents for a more detailed explanation during discussions at the meeting.

The agenda and meeting papers relevant to the business of the meeting are distributed to the Board and Board Committees at least several days from the date of the meeting via secured collaborative software. The software eases the process of distribution of meeting papers, minimises the risk of leakage of sensitive and confidential information, and enables the Directors' access to the proposal papers electronically.

The Minutes of Board and Board Committee meetings accurately reflect the deliberations and decisions of the meetings, including any dissenting views and if any Director/Member had abstained from voting or deliberating on a particular matter.

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

DIRECTORS' INDEMNITY

MANAGEMENT COMMITTEES

High-level Management Committees are in place to assist the Board in the day-to-day management of the Group.

The Management Committees of which the GMD is the Chairman, are as follows:

GROUP MANAGEMENT COMMITTEE

The Group Management Committee ("GMC") has overall responsibility for management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and oversees the achievement of objectives and results.

The current members of the GMC include the Senior Management team. Heads of Departments and Business Units will be invited to attend meetings of the GMC.

The Group Company Secretary acts as Secretary to the meetings of the GMC.

The GMC met two (2) times during the FY2023.

GOVERNANCE OVERSIGHT MANAGEMENT COMMITTEE

Management established a Governance Oversight Management Committee ("GOMC") to drive, manage and monitor the implementation of the Governance, Risk and Compliance Framework within the Group.

The GOMC met four (4) times during the FY2023.

GROUP TENDER COMMITTEE

The Group Tender Committee ("GTC") reviews Tender Evaluation Reports/Single Source Appointment for tenders with a value of between RM5 million to RM50 million.

The GTC met sixteen (16) times during the FY2023.

GROUP INVESTMENT COMMITTEE

The Group Investment Committee ("GIC") reviews and recommends major investment and capital expenditure proposals for tabling to the Board in accordance with the GPAs.

The GIC met twelve (12) times during FY2023.

MANAGEMENT SUSTAINABILITY COMMITTEE

The Management Sustainability Committee ("MSC") assists the Board and the BSC in ensuring the integration of sustainability considerations into the Group's corporate strategy, priorities and targets, governance and decision-making, in line with Sime Darby Property's PVMV. The MSC also ensures the implementation of the Company's Sustainability Policy and material issues pertaining to ESG and monitors the execution of the Sustainability Strategy.

The MSC met four (4) times during the FY2023.

PROMOTING GOOD BUSINESS CONDUCT

The Board commits to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

All Board members discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Company. They act with integrity, lead by example, and keep abreast of their responsibilities as Directors and of the conduct, business and development of the Company.

In directing or managing the Company’s business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided on by the Board in a meeting. The Board also ensures that decisions and the basis for those decisions, including any dissenting views are made known and properly minuted.

The Board has put in place a suite of Group policies for implementation and compliance throughout the Group. The Group policies covers various areas such as Ethics and Conduct, Protection of Group Assets, conduct of key functions and processes of the Group and Limits of Authorities addressing various key transactions of the Group.

BOARD DIVERSITY

In managing the diversity of the Board, the Board is guided by the Board Composition Policy and Framework in ensuring that the mix and profiles of its members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of Sime Darby Property.

The Directors bring with them years of experience in managing sustainable business growth and collectively represent a strong and capable leadership that supports effective decision-making. In today’s rapidly transforming and challenging business environment, diversity and inclusivity are important to ensure Sime Darby Property remains relevant, resilient and sustainable.

The Board believes that a truly diverse and inclusive Board will not only be able to leverage the differences in perspectives, industry experience, knowledge and skill, it will also help the Group retain its competitive industry edge.

In this regard, the Board through the NRC conducts an annual review of its size and composition, to determine if the Board has the right size and adequate diversity that fit the Company’s objectives and strategic goals, as well as to assess qualified candidates to occupy Board positions.

For gender diversity, the Board appreciates the benefits of having gender diversity in the boardroom as a mixed gendered Board would offer different viewpoints, ideas and market insights. The Board has four (4) women Directors, which constitutes 36% of the Board’s composition. This is in line Practice 5.9 of the MCCG.

While it is important to promote diversity, Directors are selected based on various factors, i.e. an effective blend of skills, competencies, experience and knowledge of the industry or other identified areas in order to carry out effective Board functions and duties.

To ensure that there is a healthy talent pipeline, the Board Diversity Policy also includes policies on the participation of women in decision-making/Senior Management positions within the Group.

SUSTAINABILITY COMMITMENT

At Sime Darby Property, embedding sustainability is a business imperative and plays a major role in formulating the Group’s business plans and activities. This approach helps the Group operate beyond financial profitability by balancing ESG considerations in making sound and sustainable business decisions. The Company also drives sustainability practices across its supply chain, the environment and the wider community.

The Sustainability Governance Framework outlines the Group’s cumulative effort to better respond to changing stakeholder concerns and market conditions and is continuously reviewed. The Sustainability Governance Framework draws guidance from Bursa Securities’ Listing Requirements and Global Reporting Initiative (“GRI”) standards as well as the United Nations Sustainable Development Goals 2030 (“UN SDG”).

The Group has remained steadfast in driving progressive action and being the leading voice in upholding sustainability at the core of the real estate sector (with the transformation from a pure-play property developer into a real estate company).

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

At Sime Darby Property, sustainability is about investing for the long-term growth and future of the organisation and stakeholders and ensuring that Sime Darby Property leaves positive and lasting impacts on the economy, people and planet. The approach to sustainability has been institutionalised since the Group started the journey more than 10 years ago, and efforts are still being made to include ESG practices or concerns into businesses and operations as part of the larger sustainability journey.

Accordingly, Sime Darby Property's commitment extends beyond property development, as the organisation moves to foster the growth of resilient communities.

The Sustainability Statement for 2023 can be found on pages 172 to 185 of this Integrated Report 2023. The Statement conveys the Group's progress toward its goals and targets on a variety of sustainability parameters, including ESG metrics, as well as risks and impacts the Group may face, at the moment or in the future.

In line with the Group's commitment to the sustainability agenda, the Board takes into account how Directors and Management have performed in their respective roles in addressing material sustainability risks and opportunities. For Management, sustainability related performance indicators are set, and the progress of various initiatives and plans are regularly monitored by the Board.

DIRECTORS' INDEPENDENCE

The Independent NEDs play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making. Their roles are also particularly critical for related party transactions as these require independence of judgement and objective impartiality to safeguard the interests of minority shareholders.

Decision-making on key issues regarding the Company are deliberated by the Directors. Board decisions are made taking into account the views of the Independent NEDs, which carry substantial weight. Independent NEDs fulfil their roles by ensuring that strategies proposed by Management are discussed and examined as well as ensuring that the interest of stakeholders of the Company are safeguarded.

It is crucial for the Board to assess the independence of its Independent NEDs. This is undertaken annually with reference to the key criteria developed by the NRC and the Listing Requirements, which include independence from Management and the absence of any business relationship, which could materially interfere with or be perceived to materially interfere with the Independent NED's judgement.

All Directors, regardless of their independent status, are required to act in the best interests of Sime Darby Property and to exercise unfettered and independent judgement. Evidently, Directors scrutinise and constructively challenge the performance of management in the execution of the Group's strategies and plan, where necessary.

The Board performed an internal assessment on the independence of the Independent NEDs in office for the financial year under review. Each Independent NED Director also provided his/her declaration of independence to Sime Darby Property in compliance with the criteria set out in the Listing Requirements. The Board concluded that each Independent NED has met the independence criteria as set out in the Listing Requirements. The Board was generally satisfied that each Independent NED remained independent in character and judgement and was free from any relationship or circumstance, which were likely to affect or could appear to affect his/her judgement. The Board further concurred that their continuous contributions are beneficial to the Board and Sime Darby Property Group as a whole.

STRENGTHENING INTEGRITY AND ETHICS

The Board acknowledges its role in establishing a corporate culture with uncompromising ethical conduct. In line with this principle, the Group has in place the COBC and following policies to ensure the conduct of business of the Group and the employees, as well as the Group's vendors and counterparties, are consistently carried out ethically and with integrity.

No Gift Policy

The No Gift Policy demonstrates the Group's commitment to the highest standards of integrity and good governance in the conduct of its business.

With this commitment the Group has imposed a 'No Gift Policy', which prohibits the offering, giving, soliciting or accepting directly or indirectly, any form of gifts to avoid conflict of interest or the appearance of conflict of interest in any ongoing or potential business dealings.

Anti-Bribery and Corruption, Anti-Money Laundering, Conflict of Interest, Sponsorship and Donation, Gift, Entertainment and Travel Policy

The Group adopts a zero-tolerance stance against all forms of bribery and corruption and will not tolerate any acts which are in breach of Sime Darby Property's policies.

As part of the Group's efforts to support the implementation of the anti-bribery and corruption and ethical principles articulated in the Group's COBC and to uphold the highest standards of good governance, the Board has adopted the following policies:

- Anti-Bribery and Corruption Policy, which covers facilitation payment.
- Gift, Travel and Entertainment Policy.
- Conflict of Interest Policy.
- Anti-Money Laundering Policy.
- Sponsorship and Donation Policy, including political contribution.
- Anti-Bribery Management System Manual ("ABMS") guided by and designed to reflect the requirements of ISO37001: 2016 Anti-Bribery Management System.

The employees of the Group are required to confirm their understanding and compliance with the Group's Ethical policies via the Group's Annual Integrity and Compliance Pledge. The Annual Integrity and Compliance Pledge reaffirm the Group's zero-tolerance stance against all forms of bribery and corruption where employees are prohibited from committing or directing or instructing any form of bribery and corruption, which benefited them or the Group directly or indirectly.

Various engagement activities continue to be conducted to spread awareness of the policies and address any concerns.

Vendor COBC

The Vendor COBC and Vendor Integrity Pledge ("VIP") sets out the expected standard of behaviours of the vendors and counterparties, covering compliance requirements, governance and management systems, ethical practices, protection of assets and information, environmental protection and employment practice. It is a step up and improvement to the previous practices, which required vendors and counterparties to comply with the employee's COBC and Vendor's Letter of Declaration.

The VIP includes compliance with Anti-Bribery & Corruption requirements and the following:

- The Vendor COBC.
- Applicable laws and regulations relating to anti-money laundering, anti-terrorism financing and fraud.
- Vendor's commitment to have similar values and conduct in their own COBC, if any, and to complete with their own code.

Whistleblowing Policy

The Group's Whistleblowing Policy ("WP") provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation and intimidation.

Confidentiality and anonymity are assured to stakeholders who disclose their concerns in good faith and in doing so, had followed the appropriate disclosure procedures, accordingly. The WP sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed in respect of the appropriate personnel and definitive action can be taken.

Gift, Entertainment and Travel Policy

The Gift, Entertainment and Travel Policy is intended to enable the Directors, Management and employees to be able to provide business hospitality that is appropriate and do not create any appearance of unfair advantage/benefit or impropriety or misconstrued or perceived to be a bribe or gratification.

Corporate Liability

The Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") has been amended to include a corporate liability provision that imposes liability on a commercial organisation for corruption committed by persons associated with the organisation to obtain a business advantage. Taking cognisance of the enforced provision which came into effect on 1 June 2020, Sime Darby Property has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from undertaking conduct that would be in breach of Section 17A of the MACC Act 2009.

Corporate Governance Overview Statement

— PRINCIPLE —



— BOARD LEADERSHIP AND EFFECTIVENESS —

NOMINATION AND REMUNERATION COMMITTEE REPORT



The NRC is pleased to present its report for the financial year ended 31 December 2023 in compliance with Paragraph 15.08A (3) of the Listing Requirements of Bursa Securities and the MCGG.

This report provides shareholders with valuable insights into the activities of the NRC during the financial year under review and how the NRC plays a key oversight role for the Board.



KEY ROLES OF THE NRC

In compliance with the requirement of Paragraph 15.08A(1) of the Listing Requirements, the NRC comprises exclusively NEDs, all of whom are Independent NEDs. The NRC is chaired by an Independent NED, which is consistent with Practice 5.8 of the MCGG.

The NRC's role, amongst others, is to assist the Board in fulfilling its responsibilities with regard to the appropriate size and balance of the Board and Board Committees, the required mix of skills, experience, knowledge, diversity and other qualities, including core competencies which NEDs should bring to the Board and respective Board Committees. All of these considerations, in the Board's view, facilitate effective governance and decision-making.

In discharging this role, the NRC ensures that there is a formal and appropriate procedure for the appointment of new Directors to the Board and is responsible for making recommendations to the Board.

Additionally, the NRC determines and makes recommendations to the Board on Sime Darby Property's framework and policy for the remuneration of the NEDs, the GMD and key critical positions in the Sime Darby Property Group. The participation of women in Senior Management is also reviewed to ensure a sustainable talent pipeline.

The NRC is also responsible for developing plans to identify the necessary and desired competencies and skills of Directors and succession plans to ensure that there are appropriate dynamics of experience, diversity and expertise on the Board. The Board has put in place succession planning principles to ensure there is orderly identification for selection of new NEDs in the event of an opening on the Board and successors to Committee Chairs from amongst the existing NEDs. The Board via the NRC also oversees the appointment and succession planning of the critical positions in the Group with a focus on human capital development.

The NRC plays a crucial role in reviewing the Key Performance Indicator ("KPI") framework in depth by providing constructive inputs in ensuring that the metrics used effectively align with the Group's strategic objectives and reflect its values. The NRC reviews and assesses the relevance, accuracy and appropriateness of the KPIs.

TERMS OF REFERENCE

The NRC is governed by clearly defined and documented TOR. The TOR of the NRC, which was last revised in August 2023 is consistent with the Listing Requirements and the MCGG. For the financial year under review, all the requirements under the TOR have been complied with. The TOR is assessed, reviewed and updated, as the need arises, to ensure that the terms remain relevant, up-to-date and in conformity with the various changes in regulations.

For more information on the TOR of the NRC, please refer to the Group's website at www.simedarbyproperty.com/who-we-are/corporate-governance.

OVERVIEW OF ACTIVITIES FOR THE FINANCIAL YEAR UNDER REVIEW

During the financial year under review, the NRC carried out among others, the following key activities in discharging its functions, duties and responsibilities:

Functions	Matters Considered
Nomination	<ol style="list-style-type: none"> 1) Reviewed and assessed the performance of and made recommendations to the Board with regard to Directors seeking re-election at the Sime Darby Property's 50th AGM. 2) Reviewed the overall composition of the Board and Board Committees, and Board succession planning. This includes recommending changes to the Board Committees, appointment of a Non-Independent NED on the Board and as a member of the BSC, as well as the appointment of her Alternate Director. 3) Reviewed the update on Succession Management and Learning & Development of Sime Darby Property. 4) Reviewed the progress of the People Strategy and Transformation Initiatives. 5) Reviewed the Organisational Structure of the Group and HR team. 6) Assessed and recommended to the Board the appointment/promotion/contract renewal of key critical positions of the Group, including GMD, Chief Operating Officer ("COO") – Investment & Asset Management, Chief Marketing & Sales Officer ("CMSO"), Chief People Officer ("CPO") and Chief Assurance Officer ("CAO"), respectively. 7) Reviewed the updates on organisational design exercise, known as Talent-To-Value ("T2V"), to put in place the right organisation design to support the execution of Sime Darby Property's tactical plans and delivery of SHIFT25, as well as maximise efficiency.
Remuneration	<ol style="list-style-type: none"> 1) Reviewed and recommended to the Board the payment of Fees and Benefits to the NEDs for the period from 25 May 2023 until the next AGM of Sime Darby Property. 2) Reviewed and recommended to the Board the Salary Increment for FY2023 and Bonus Payout for FY2022 for Employees and Top Management of Sime Darby Property Group. 3) Reviewed and recommended to the Board the Performance Scorecards for Corporate/ GMD and GMD-1s for FY2023. 4) Reviewed and recommended to the Board the Performance Assessment for GMD and GMD-1s for the FY 31 December 2023. 5) Reviewed updates on Staff Purchase Discount for Sime Darby Property Group's Products. 6) Reviewed the short-term and long-term variables compensation. 7) Reviewed and recommended to the Board the Minimum Living Wage for Sime Darby Property Group. 8) Reviewed Senior Management's End-of-Contract Gratuity. 9) Reviewed and recommended the "Sustainability" KPI for the long-term variable compensation of key senior management team.

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BOARD LEADERSHIP AND EFFECTIVENESS

Functions	Matters Considered
Governance	<ol style="list-style-type: none"> 1) Engagement of an independent third-party external consultant to facilitate the conduct of the BEE and reviewed its findings. 2) Reviewed Sime Darby Property's succession planning for senior critical roles and talent pool demographics. 3) Reviewed and endorsed the disclosures in the NRC Report for the financial year under review for inclusion in the Annual Report 2022 to ensure that it was prepared in compliance with the relevant regulatory requirements and guidelines. 4) Reviewed and recommended to the Board revisions to the Fit and Proper Policy for Sime Darby Property Group. 5) Reviewed and assessed the fit and propriety of Board and Executives holding directorship in Sime Darby Property Group as per the annual fit and proper review exercise. 6) Reviewed the results of the 2023 Employee Engagement Survey and respective action plans. 7) Reviewed the progress of the PVMV, in line with Sime Darby Property's goal to be a real estate company by 2025. 8) Reviewed update on Sime Darby Property's Executives on the Board of Key Operating and Joint Venture Entities of Sime Darby Property Group. 9) Planned and approved the NRC Annual Outline Agenda for FY2024. 10) Reviewed the trainings attended/participated by each Director and assessed the training needs of the Directors. 11) Reviewed and recommended relevant and appropriate training programmes by regional and global training providers.

KEY FOCUS AREAS FOR FY2024

Amongst the key focus areas for the NRC in FY2024 are as follows:

- 1) Continuous enhancement and implementation of robust succession management and development for GMD and Senior Critical roles.
- 2) Review of NEDs Remuneration Framework.
- 3) Total Rewards Benchmarking Exercise of the Group.
- 4) Review the implementation of organisational design (T2V) exercise.
- 5) Review of Board and Board Committees composition, as well as identification of potential and suitably qualified candidates for an Independent NED role as part of succession planning.
- 6) Continuously identify the Board of Directors' training needs and organise bespoke local/global training solutions aimed at equipping Directors with up-to-date knowledge, skills and insights into emerging trends and challenges.

COMPOSITION, MEETINGS AND ATTENDANCE

The NRC consists of four (4) members, all of whom are Independent NEDs. The NRC is chaired by an Independent NED, Datin Norazah Mohamed Razali. There were no changes to the composition of the NRC during the financial year under review.

The NRC meetings for the financial year under review were scheduled in advance of the financial year to facilitate the members and management in planning and ensuring the NRC meetings are incorporated into their respective schedules. This also serves to provide members with ample notice of the meetings. The attendance at all NRC meetings met the requisite quorum as stipulated in the NRC's TOR. The NRC shall meet every quarter and when necessary, at such other time(s) as it deems necessary to fulfil its responsibilities.

The NRC met ten (10) times during the financial year under review, five (5) of which were special meetings, whilst another one (1) was Part 2 of the Quarter 1 FY2023 meeting to provide sufficient time for the NRC to deliberate on the agendas tabled.

The composition of the NRC and the attendance record of its members for the financial year under review are as follows:

Members	Membership/Designation	Appointment	Attendance at Meetings
Datin Norazah Mohamed Razali	Chairman/Independent NED	23 July 2018	 10/10 100%
Dato' Seri Ahmad Johan Mohammad Raslan	Member/Independent NED	12 July 2017	 10/10 100%
Dato' Soam Heng Choon	Member/Independent NED	1 July 2020	 10/10 100%
Dato' Hamidah Naziadin	Member/Independent NED	1 October 2021	 10/10 100%

During the financial year under review, meetings of the NRC were attended by the GMD and CPO. Other members of the Board and Senior Management were invited to meetings of the NRC, when necessary, to support detailed discussions and to brief and furnish the NRC with necessary information and clarification of relevant items on the agenda.

The Group Company Secretary acts as Secretary to the NRC.

All proceedings of the NRC are properly documented and recorded in the minutes of each meeting, including comments made by each member, how they have voted and pertinent observations and reservations. The minutes of the NRC meetings are circulated to all members for their perusal and comments well in advance and the signed minutes of each NRC meeting are properly kept by the Group Company Secretary. Minutes of the NRC meeting are tabled for confirmation at the next NRC meeting, following which extracts of the decisions are escalated to the relevant process owners for action. The Minutes are thereafter circulated to the Board for notation.

The Chairman of the NRC periodically provides a report, highlighting significant points of the decisions and recommendations made by the NRC to the Board. The Minutes of the NRC meeting are submitted to the Board every quarter for the Board's notation.

BOARD COMPOSITION AND DIVERSITY

The Board Composition Policy ("Policy") of Sime Darby Property was first adopted by the Board on 26 July 2017. The Policy ensures that the mix and profiles of Board members in terms of age and gender provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Board believes that a truly diverse and inclusive Board will leverage on differences in thought, perspective and knowledge, skill, industry experience and geographical background, age and gender, all of which will ensure that Sime Darby Property retains its competitive industry advantage.

The Board's status of compliance with the Policy is set out below:

1) Gender Diversity

As of the date of this report, Sime Darby Property has on its Board four (4) women Directors, namely Datin Norazah Mohamed Razali, Dato' Hamidah Naziadin, Dr. Lisa Lim Poh Lin and Nur Farahbi Shaari, constituting 36% of the Board's composition. This is also in line with Practice 5.9 of the MCCG.

2) Age Diversity

The Board is committed to working towards having a generationally-diverse Board to have a balance between maturity and experience as well as a greater level of flexibility and adaptability to reinvigorate Sime Darby Property. Age diversity within the Board can enable the Board to better understand the needs of diverse customers, employees and investors. A Board that is diverse according to many intersecting criteria is likely to be stronger than a mostly homogenous Board.

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3) Ethnic Diversity

The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise where suitable candidates are identified. Currently, the Board comprises 73% Malay, 18% Chinese and 9% Indian.

4) Independence of Directors

The Board believes that a Board comprising a majority of Independent Directors allows for more effective oversight of Management. Their role broadly includes improving the corporate credibility and governance standards of Sime Darby Property, functioning as a watchdog, playing a vital role in risk management and as active members of Committees set up by the Board to ensure good governance.

Currently, six (6) out of eleven (11) Directors of Sime Darby Property are Independent NEDs. None of the six (6) Directors has served on the Board for more than nine (9) years.

The NRC is responsible for the implementation of the Policy and for monitoring progress towards the achievement of the Board's objectives.

FIT AND PROPER POLICY

Pursuant to Paragraph 15.01A of the Listing Requirements, a listed issuer must have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries, ensure the policy addresses board quality and integrity and will aid the listed issuer to comply with paragraph 2.20A of the Listing Requirements, and to make available the policy on its website.

The NRC had reviewed the proposed revisions to the Fit and Proper Policy for Sime Darby Property at its meeting in August 2023 and recommended it to the Board for approval to provide better clarity on the application of the policy and assessment of representatives appointed in the joint venture companies of the Group.

As part of the process, all Directors of the Group are required to complete the Fit and Proper Declaration annually. For FY2023, the Board and NRC are satisfied that each of the Directors had met the required standards of fitness and propriety. As of the date of this report, the appointed Company Secretaries of Sime Darby Property Group are also subject to the annual fit and proper assessment.

BOARD APPOINTMENT PROCESS

Sime Darby Property practices a formal and transparent Board Appointment Process for the sourcing, selection, nomination and appointment of new directors. The NRC considers the gaps in the Board's composition and requirements before sourcing, screening and conducting the initial selection of potential candidates. The NRC is responsible for assessing a potential candidate for a proposed directorship on the Board of Sime Darby Property and submitting its recommendation to the Board for decision.

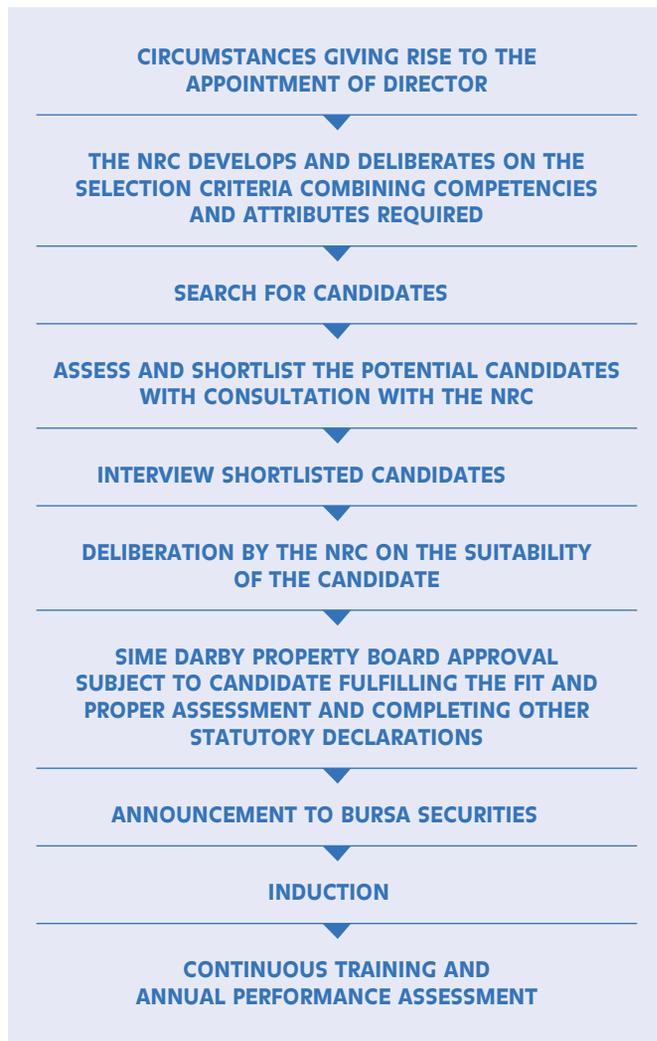
The NRC primarily considers the candidates' suitability and diversity of skills, specialist knowledge, competencies, experience, age, gender, culture, ethnicity and perceived ability of the candidates to work cohesively with other members of the Board, among many other factors.

To ensure a candidate has the character, experience, integrity and competency to effectively discharge his/her role as a director, the NRC assesses the candidates on the following criteria:

- 1) Satisfies and met the required standard of fitness and propriety.
- 2) Not to have any competing time commitments that impair his/her ability to discharge his/her duties effectively.
- 3) Number of directorships in companies outside the Group, including boards of non-listed companies.
- 4) Not be an active politician.
- 5) Specialist knowledge or technical skills in line with the strategic direction of the Group.
- 6) No former audit partner of the Company, if the candidate is considered for appointment as an AC member, a cooling-off period of at least three (3) years must be observed.

In its selection of suitable candidates, the NRC adheres to the guidelines stipulated in the Board selection criteria set out in the Board Appointment Process.

The process flow for the appointment of a Director is as follows:



The Group Company Secretary ensures that all appointments adhere to the governance process and that all necessary information is obtained from the Director, both for the Group’s records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements.

During the financial year under review, the NRC reviewed the composition of the Board and Board Committees taking into consideration the mix of skills, competencies, industry experience, integrity, personal attributes and time commitment required of a Director to effectively fulfil his or her role as a Director and Chairman/Member of the respective Board

Committees. This included reference to the Guiding Principles of Board Committee Composition established since 2020 and updated in August 2023, as well as succession planning to ensure a smooth transition in the Board’s succession process as existing Directors leave the Board and new ones come on board. The NRC will continue to leverage on various sources, such as referrals from existing Directors, other leadership development and consulting organisations to identify potential candidates for nomination as Directors.

Since the last Annual Report, the Board had, upon the recommendation of the NRC, approved the appointment of Nur Farahbi Shaari as a Non-Independent NED and her Alternate, Khalid Mohammed Noor on the Board of Sime Darby Property effective from 1 September 2023. Nur Farahbi Shaari was also appointed as a Member of the BSC on the same date. The NRC have considered her background, experience and expertise (mainly in strategic investment), and was of the view that she would be able to contribute to the Board as a Director by providing strategic oversight to spur the Company forward to meet future challenges, as highlighted in the 2022 BEE findings.

On the element of size and composition of the Board, based on the 2023 BEE results, the NRC had ensured that the Board of Sime Darby Property had a balanced and the right mix in relation to skills, expertise and experience. Based on the current composition of the Board, there are two (2) NEDs who have prior working experience in the property development industry. The NRC will regularly review the Board and Board Committees’ compositions and ensure their continuing effectiveness throughout the year, as well as keeping track of future competency requirements.

RETIREMENT AND RE-ELECTION OF DIRECTORS

The NRC is responsible for recommending to the Board, Directors who are retiring and standing for re-election at the AGM pursuant to and in accordance with the Constitution.

Pursuant to Rule 111 of the Constitution, at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. Rule 112 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

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The Directors' rotation list is presented to the NRC for endorsement prior to recommendation to the Board. Subsequently, the retiring Directors standing for re-election would be recommended to the shareholders for approval. The Board recognises Directors' performance as a basis for recommending their re-election to the shareholders. This, in turn, is determined through their annual evaluation and independence assessment, which are assessed by the NRC before any recommendation is made to the Board for deliberation and approval. The affected Directors are required to give their consent on their re-election prior to the convening of the AGM.

In assessing the retiring Directors, the NRC takes into consideration the following:

- 1) Performance and contribution based on the 2023 BEE results.
- 2) Level of contribution to the Board deliberations through his/her skills, experience and strength in qualities as well as their effective leadership as chairperson of the Board.
- 3) Level of independence demonstrated by the Independent Director and the ability to act in the best interests of Sime Darby Property in decision-making.
- 4) Character, integrity, experience and competence, as well as fit and properness in discharging their role effectively. Each Director has signed an annual Fit and Proper declaration.
- 5) Ability to commit and devote adequate time to fulfil their responsibilities effectively.

Based on the aforesaid assessment, the Board approved and the NRC recommended that the Directors who are seeking re-election at the 51st AGM of Sime Darby Property have satisfied and met the performance criteria required of an effective and high-performance Board and the Board's expectations by continuously discharging their duties diligently as Directors of Sime Darby Property.

The Directors who would be retiring pursuant to Rules 92.3 and 111 of the Constitution of Sime Darby Property at the 51st AGM are as follows:

Rule 92.3	Rule 111
Nur Farahbi Shaari	<ol style="list-style-type: none"> 1) Dato' Seri Ahmad Johan Mohammad Raslan 2) Mohamed Ridza Mohamed Abdulla 3) Dr. Lisa Lim Poh Lin

The retiring Directors above have abstained from deliberation and decision on their eligibility to stand for re-election at the relevant Board/NRC meeting.

The retiring Directors have offered themselves for re-election at the 51st AGM.

ASSESSMENT OF INDEPENDENT DIRECTORS

The NRC acknowledges the role played by and the continuous contribution of the Independent NEDs in bringing independent and objective judgement to the Board's deliberations. The Board assesses the independence of its Independent Directors annually with reference to the key criteria developed by the NRC and as set out in the Listing Requirements. The criteria include the independence of Management and the absence of any business or other relationship or circumstance that could materially interfere or could reasonably be perceived to materially interfere with the Independent NED's judgement or affect the best interests of Sime Darby Property Group.

The Board assessed the independence of each Independent NED in office for the financial year under review and concluded that they had each met all the criteria of an Independent Director set out in the Listing Requirements and requisite fit and proper requirements as stipulated in the CG Guide 4th Edition issued by Bursa Malaysia. The Board is generally satisfied that each Independent NED has remained independent in character and judgement and continues to bring sound, independent and objective judgement to Board deliberations. Each Independent NED is also free from relationships or circumstances which are likely to affect or could appear to affect his/her judgement. The Independent NEDs are also required to give their confirmation on their independence pursuant to the Listing Requirements vide the annual Independent Directors' Self-Assessment Checklist.

None of the current Independent Directors have served Sime Darby Property beyond nine (9) years pursuant to Practice 5.3 of the MCGG. In line with the step-up practice, as recommended under Practice 5.4 of the MCGG, the Board also approved the adoption of the revised Board Charter and TOR of the NRC on 25 November 2021, which includes the limit on the tenure of its independent directors to nine (9) years without further extension.

EVALUATING THE PERFORMANCE OF DIRECTORS: BOARD EFFECTIVENESS EVALUATION ("BEE")

The effectiveness of the Board is imperative for the current and future success of the Company and the Group. Every year since FY 30 June 2018, the NRC has conducted a rigorous and formal evaluation undertaken by an independent consultant to assess the effectiveness of the Board as a whole, the Board Committees, the performance and contribution of individual Directors and the Board Committee members.

Sime Darby Property is cognisant that BEE plays a pivotal role in driving continuous improvement in Board effectiveness. It presents an opportunity to gain valuable shared insights into the Board's operations and ways to improve its processes, relationships, and composition.

The evaluation is also important in deciding whether a Director who is subject to re-election as a Director can be recommended to be re-elected at the next AGM and ensure there is continued effective oversight and delegation of responsibilities by the Board.

The NRC had since FY2021 engaged an independent consultant namely, Institute of Corporate Directors Malaysia ("ICDM") to conduct and lend objectivity to the annual BEE of Sime Darby Property.

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In 2023, ICDM's appointment was mainly to conduct the BEE exercise that would enable effective follow-up on the issues/gaps identified from FY2022 BEE results. The evaluation was based on online questionnaire of three (3) levels of focus (i.e. the Board of Directors, Board Committees and Individual Directors) gathering feedback from the Directors and selected Senior Management which provides insights into the effectiveness of the Board based on twelve (12) key parameters of board oversight, including a comparison and analysis of the Board and Management ratings:



In respect of the Board Committees' assessment, criteria for assessment include whether the Committees have:

- 1) Performed its duties as per its TOR;
- 2) The right mix of members with the relevant skills and experience; and
- 3) Provided useful recommendations to the Board for better decision-making.

For Individual Assessment, each Board Members were assessed based on ICDM's Board Competency Framework (Self vs Peer), which competencies were categorised in the following four (4) quadrants:

- 1) The capacity of an individual director;
- 2) The individual director with the board;
- 3) The individual director with the organisation; and
- 4) The individual director with the stakeholders.

The Individual Assessment reports were shared with the Chairmen of the Board and NRC for further follow up.

The overall results of the FY2023 BEE in all twelve (12) parameters of Board oversight were reasonably positive, above the rating of 4.00 (out of maximum 5.00), which demonstrates that the Board is effective and performs well within the parameters.

One of the areas of enhancement from the FY2022 BEE was to focus on the Board's participation in initiatives that shape culture in the organisation. Various measures have been implemented to address this and based on the FY2023 BEE findings, the Board's commitment to promoting a culture of accountability, integrity, transparency and fairness has emerged as one of the Board's strengths.

Whilst the Board was satisfied with the FY2023 BEE results that trended positively, it also identified the following areas for enhancement in FY2024 and would continue to focus on:

- 1) Governance oversight on cybersecurity and stakeholder engagement;
- 2) Board and GMD succession planning; and
- 3) Accelerating ESG commitment and efforts and prioritising key matters.

The NRC and Board reviewed the results of the evaluation process and recommendations in relation to targeted outcomes and action plans.

AC PERFORMANCE REVIEW

Pursuant to Paragraph 15.20 of the Listing Requirements, the NRC, through the BEE for the financial year under review, also reviewed the terms of office and performance of the AC and is satisfied that the AC as a whole and its members individually had discharged their functions, duties and responsibilities in accordance with the Committee’s TOR. The overall rating for the AC has improved progressively from 2021.

NRC AND RMC EFFECTIVENESS AND PERFORMANCE REVIEW

Based on the BEE findings, the Board and Management are satisfied with the performance and effectiveness of the NRC and RMC, respectively, in providing sound advice and recommendations to the Board during the financial year under review.

BOARD INDUCTION AND DEVELOPMENT

On joining the Board, it is the responsibility of the Chairman and Group Company Secretary to ensure that all newly appointed Directors receive a full and formal induction, which is tailored to their individual needs based on experience and background. The induction programme includes a comprehensive overview of the Group (ranging from legal, governance, operations and projects, growth strategy and financial performance of the Group) as well as guidance and training, as appropriate, are provided on Board governance and the duties, responsibilities and liabilities of a director of a listed company. During the financial year under review, two (2) onboarding sessions were organised for Nur Farahbi Shaari and Khalid Mohammed Noor on 6 and 11 October 2023.

In line with Paragraph 15.08 of the Listing Requirements, the Board acknowledges the importance of continuing education for Directors and value of attending conferences, training programmes and seminars to ensure that they are well equipped with the necessary skills and knowledge, and kept abreast of the development and challenges in the industry to perform their duties and responsibilities effectively.

During the financial year under review, the Board members attended/participated in external training, workshops, and seminars (also available online) that covered areas considered useful and relevant to the Directors on a continuous basis to ensure they remained updated with the development of the Group’s business and that of the industry that was likely to affect the discharge of their duties and responsibilities. While the Directors are expected to have personal development skills to improve themselves, the training needs are assessed on a yearly basis by the NRC and an annual development programme is recommended by the NRC and organised by the Group Company Secretary. This is to ensure the Directors are accorded the appropriate training necessary for them to discharge their responsibilities more effectively.

The Group Company Secretary coordinated two (2) online virtual trainings during the financial year under review on the following topics for the Board and Senior Management of Sime Darby Property:

Date	Topic	Speaker
8 September 2023	What Amounts to a Conflict of Interest by Directors?	Khoo Guan Huat <i>Iclif Executive Education Center Asia School of Business</i>
	Navigating the Culture-Strategy GPS : Best Practices for Leaders	Patrick Dunne <i>ICDM</i>
	Understanding the Importance of Human Rights for Business Sustainability and Resilience	Edmund Bon <i>ICDM</i>
10 October 2023	Case Study Masterclass: Spotlight on a Corporate Governance Scandal	Cheryl Khor <i>ICDM</i>
	Updates by PricewaterhouseCoopers on: (i) Sustainability (ii) Malaysian Financial Reporting Standards (iii) Tax	Manohar Johnson & Farhana Jabir Mahesh Ramesh & Yeow Fei Wong Jagdev Singh

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The Management team had also, during the financial year under review, organised trainings/knowledge sessions for the Board and Senior Management of Sime Darby Property on property industry-related topics as follows:

No.	Topic	Speaker
1	Macroeconomic Outlook of ASEAN	<i>HSBC Hong Kong</i> Yun Liu (ASEAN Economist)
2	Macroeconomic Outlook of UK	<i>HSBC UK</i> Liz Martins (Lead Economist (UK))
3	Geographical Expansion – Australia	<i>Colliers</i> Tim Storey (Managing Director, Victoria Residential)
4	Industrial & Logistics	<i>LOGOS Property Group</i> (i) Natalie Allen (Group Chief Corporate Officer & General Counsel) (ii) David Aboud (Head of Malaysia)
5	Protecting Your Business with Adaptation & Resilience Against Climate Impacts	<i>Boston Consulting Group</i> (i) Dave Sivaprasad (Managing Director & Partner, Southeast Asia Lead, Climate & Sustainability) (ii) Varad Pande (Partner & Director, Climate & Sustainability)

The Board was apprised of the following:

- 1) Property market updates during the Board Strategy Session, which was held from 9 to 11 November 2023.
- 2) Latest development of Battersea Power Station (“Battersea”) project by the Battersea team on 10 February 2023.

Several Directors including the newly appointed Director in September 2023 visited various townships development in 2023 with the aim of better understanding the business, operations of Sime Darby Property Group as well as engaging with the respective team members. Management would proactively organise annual site visits for Directors, aligned with the ICDM’s recommendation from the FY2023 BEE results.

As of the date of this report, four (4) out of twelve (12) on the Board of Sime Darby Property (including Alternate Director) have completed the Mandatory Accreditation Programme Part II: Leading for Impact (“LIP”), an initiative under the SC’s Corporate Governance Strategic Priorities 2021-2023, which aims to provide directors with the foundation to address sustainability risks and opportunities effectively, and have better oversight over their companies’ material sustainability matters.

The areas of trainings/seminars/conferences attended or participated by the Directors during the financial year under review, among others, are set out below.

	 Property Industry/ Industrial & Logistics Development	 Sustainability Agenda	 Markets & Investments	 Risks and Internal Control	 Governance	 Finance, Accounting and/or Tax Related	 Leadership	 Cybersecurity					
Dato' Rizal Rickman Ramli													
Dato' Azmir Merican													
Dato' Soam Heng Choon													
YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj													
Tan Sri Jaganath Derek Steven Sabapathy													
Dato' Seri Ahmad Johan Mohammad Raslan													
Datin Norazah Mohamed Razali													
Mohamed Ridza Mohamed Abdulla													
Dato' Hamidah Naziadin													
Dr. Lisa Lim Poh Lin													
Nur Farahbi Shaari													
Khalid Mohammed Noor (Alternate to Nur Farahbi Shaari)													

For full details of the list of trainings, please refer to the CG Report on pages 32 to 39.

BOARD REMUNERATION

The Board has established a remuneration policy for its NEDs that aligns remuneration with the Group's strategy to drive the long-term success of the Group together with a comprehensive and fair remuneration package to continue to attract and retain high-calibre Directors while encouraging value creation for Sime Darby Property and its stakeholders.

The Board has delegated to the NRC the responsibility to set the principles, parameters and governance framework relating to the Group's remuneration matters. The NRC is authorised to formulate, develop and implement formal and transparent procedures for the Group's NEDs and Senior Management ensuring that their compensation remains competitive and consistent with industry standards as well as commensurate with their experience, skills, level of responsibilities and complexity of the business. In this regard, the NRC has established a remuneration framework for the NEDs which is subject to periodic review.

The remuneration of the NEDs consists of fixed directors' fees and other benefits, all of which are subject to the approval of shareholders at the AGM. The fees of the NEDs for their services

to the Board and Board Committees are paid to all NEDs on a monthly basis pursuant to the shareholders' mandate obtained at the AGM.

During the financial year under review, the NRC had conducted an annual review of the Directors' fees and benefits. Subsequently, the Board had, upon the recommendation of the NRC on 22 February 2024, agreed that the proposed Remuneration Framework shall remain unchanged. Furthermore, Sime Darby Property is not seeking any increase in the approval limit in respect of the amount of benefits payable to the NEDs from that approved at the 50th AGM.

A periodic review on the Board Remuneration Framework (i.e. current fees and benefits) by an independent consultant to be appointed, is planned to be carried out in the second half of 2024. The last review exercise by an independent consultant was conducted in 2019.

For full details of the Directors' Remuneration Framework and details of fee structure of individual directors of Sime Darby Property on a named basis paid during the financial year under review, please refer to the CG Report on pages 62 to 64 and pages 68 to 69, respectively.

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SUCCESSION PLANNING

Succession planning is an integral part of the Board's corporate governance practices. The Board has in place a Board Succession Plan Framework to assist the Board, in particular the NRC, in ensuring the orderly sourcing, identification and selection of new NEDs in the event of an opening on the Board by reason of an anticipated retirement, expansion in the size of the Board or otherwise. The NRC would also ensure that there is an appropriate dynamic of skills, experience, expertise and diversity on the Board and Board Committees. Such a structured succession plan addresses the composition and effectiveness of the Board. The Board believes that the membership and composition of the Board and Board Committees should be assessed from time to time, while ensuring continuity in meeting the Group's long-term goals and objectives.

The NRC also plays a key role in the oversight of the nomination, selection process and succession planning of key critical positions reporting to the GMD. Sime Darby Property continuously reviews succession planning for senior critical roles and talent pool demographics with the view of enhancing the Group's Succession Planning Framework including talent management and human capital development for the key critical management positions. The Framework focuses on, amongst others, the determination of the criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap.

The NRC had, in May and November 2023, reviewed Sime Darby Property's succession planning for senior critical roles (including GMD) and talent pool demographics and the respective development plan. Talents identified for Senior Critical Roles and succession nomination for these roles are deliberated at Talent Council Meetings. Subsequently, updates on succession management for the successors identified are tabled to the NRC for review and consideration before being updated to the Board accordingly.

Internal and external talents are considered during succession planning, with a preference for the former. Due to additional focus by Senior Management towards identifying potential successors from within Sime Darby Property as well as from external sources, a more rigorous process and discussion on succession management, and clearer expectations set on building a succession pipeline, had resulted in improvements in succession coverage, which were recorded between the two (2) Talent Reviews conducted in the first and fourth quarters of 2023. However, it was noted that the succession bench strength needed further improvement. To address this, the focus in FY2024 would be to continuously improve successors' readiness with targeted development, structured career pathing for successors and earlier identification of potential successors for mid and long-term time frames.

STRATEGIC ORGANISATIONAL REVIEW

Strategic organisational change is a business necessity to meet the transformation of organisational goals, core values, processes and technologies of the Group. The change is also a crucial performance driver for the Group to continue to meet and exceed the competition in the market as a leading real estate development company.

As of the date of this report, the NRC ensured that appropriate assessment was conducted on the following key critical positions in the Group all of whom are critical, to ensure the continuity of the Group's SHIFT25 transformation plan and the various initiatives under it, prior to recommendation to the Board for approval:

- 1) Appointment of CPO and Chief Digital & Technology Officer ("CDTO");
- 2) Reviewed and evaluated the performance of CMSO, Chief Risk, Integrity & Compliance Officer ("CRICO") and CAO for contract renewal.

Furthermore, the NRC conducted review and offered input/support for positions, such as the appointment of Head, Sustainability, promotion of General Manager of Corporate Planning & Development and employment contract renewal of General Manager of Health, Safety, Security and Environment ("HSSE") all of whom are critical to the Group's journey.

The NRC ensured that the said promotions and contract renewal were based on the criteria, merit, performance and key achievements during their tenure and with due regard for diversity in skills, experience, age and cultural background.

The NRC also challenges and monitors the current structure of the organisation closely to ensure it is geared for growth and can work more efficiently while leveraging on technology. Updates on the progress of the organisational design review exercise are briefed to the NRC on a regular basis.

SIME DARBY PROPERTY GROUP REMUNERATION POLICY

In the first quarter of 2023, Sime Darby Property embarked on a two-year roadmap to progressively improve the living wage of affected employees. This was part of Sime Darby Property's efforts to enhance the well-being of all employees and to support overall equity and inclusion. As of the date of this report, Sime Darby Property has successfully transitioned into the second phase of the endeavor, having achieved the targeted Minimum Living Wage for affected employees. Moving forward, the Company would further analyse the ideal living wage within the real estate industry, thus charting the course for further advancements in this vital aspect of employee welfare.

EMPLOYEE ENGAGEMENT SURVEY (“EES”)

An EES was conducted in the second quarter of 2023 by the same independent survey consultant of 2022, to garner feedback on how the Group progressed in the following themes:

- 1) Engagement Leadership
- 2) Talent Focus (Brand, Career & Development and Rewards & Recognition)
- 3) Work (Employee Wellness/Health/Safety and Work/Life Balance)
- 4) Basic (Sustainability)
- 5) Agility in Decision Making

The EES response rate of 94% underscores the organisation’s commitment to engagement and transparency. This high participation rate has yielded a comprehensive dataset, providing invaluable insights into the Group’s dynamics and facilitating informed decision-making processes.

The survey results were presented to the NRC, Board, Senior Management as well as employees. Focus group discussions were conducted to deep dive into the findings and ensure that employees’ feedback was captured/understood, accountability was taken by respective Heads and to monitor the progress of the action plans.

Amongst the company-wide action plans taken include the following:

- 1) Enhanced and introduction of new onboarding experience to strengthen Employer Brand and Onboarding.
- 2) Developed and communicated flexible work arrangement to foster Work Life Balance amongst employees. Flexible work arrangement (“FWA”) policy has been introduced.
- 3) Launched TEAM e-badge recognition programme in September 2023 to acknowledge employees/colleagues’ exemplary behaviours on a timely basis. Employees with most badges and testimonials would be published company-wide monthly.
- 4) Provided clarity on the Performance Management rating calibration process.
- 5) Deep dive into targeted processes to identify hot spots.

Townhalls will continue to be organised on a quarterly basis to provide the opportunity for employees and leadership to come together as a team, engage in open conversation, and share updates, successes, and any queries that cropped up along the way. In 2023, the townhall sessions for the first three (3) quarters were held virtually, whilst the session in Quarter 4, 2023 adopted a hybrid format.

More initiatives will be explored moving forward as the Group takes progressive steps to continue building trust with employees, improve work experiences, and produce better development opportunities that will foster a positive and engaging work culture in the organisation.

PURPOSE, VISION, MISSION AND VALUES (“PVMV”)

The NRC is cognisant that corporate culture transformation is a strategic imperative for Sime Darby Property to build resilience, foster innovation, attract and retain talent and drive sustainable growth in an increasingly complex and dynamic business environment. Hence, the NRC has proactively supported and encouraged Management’s endeavours to drive PVMV culture transformation.

During the financial year under review, under the stewardship of the NRC and leadership bench, commendable efforts were made to ensure the successful rollout and implementation of TEAM behaviours. This initiative encompassed various impactful activities, including TEAM Value workshops and Train the Trainer Session facilitated by an NRC member, as well as PVMV Cascade Session by Leaders. Moreover, engagement activities were specifically tailored to prioritise employees’ well-being and build camaraderie within the workforce. Concurrently, HR has also intensified its efforts to create awareness and instil T.E.A.M behaviours among employees, with a focused commitment to empower and align them with the Company’s overarching goals, which includes hardwiring of TEAM behaviours into policies and processes in four (4) areas namely Talent Acquisition, Performance Management, Learning & Talent Development and Succession Planning. Notably, in November 2023, the following was organised:

- 1) Leadership Engagement Series with Tan Sri Mohamed Nazir Tun Abdul Razak and Dato’ Hamidah Naziadin. Concurrently, the Talent and Succession Pool of Sime Darby Property were also given early access to Malaysia’s Leadership edutainment streaming service ahead of its official launch on 16 November 2023. This online platform provides leadership learning by local prominent figures at the talent and successors’ own pace.
- 2) Leadership Networking Series which served as a platform for the NRC members, Datin Norazah Mohamed Razali and Dato’ Hamidah Naziadin to engage with the young talents from the Management Associates Programme.

During the financial year under review, HR had endeavored to address critical areas for improvement, aligning strategies to enhance performance and support the organisation’s overarching business objective. Demonstrating this commitment, the Company proudly received several notable HR awards and recognition as referred to on page 47.

Corporate Governance Overview Statement

— PRINCIPLE — **B** — EFFECTIVE AUDIT AND RISK MANAGEMENT —

AUDIT COMMITTEE REPORT

INTRODUCTION

OVERVIEW



The AC plays an important role in supporting the Board to discharge its responsibilities in ensuring reliable financial reporting and a sound system of internal controls.



The AC of Sime Darby Property is pleased to present the AC Report for the FY 31 December 2023.

COMPOSITION OF THE AC AND ATTENDANCE AT ITS MEETINGS

During the financial year under review, there were no changes in composition of the AC. The AC comprised majority of independent NEDs.

As per the TOR of AC, no former partner shall be appointed as a member of the AC before observing a cooling-off period of at least 3 years.

The profiles of all the AC members are disclosed on pages 192 to 195 of the Integrated Report.

The details of the AC membership and meetings held during the FY 31 December 2023 are as follows:

Members	Membership/Designation	Appointment	Attendance at Meetings
Dato' Seri Ahmad Johan Mohammad Raslan (MIA member)	Chairman/Independent NED	12 July 2017	 100%
Tan Sri Jaganath Derek Steven Sabapathy	Member/Non-Independent NED	29 February 2016	 100%
Datin Norazah Mohamed Razali	Member/Independent NED	12 July 2017	 100%
Mohamed Ridza Mohamed Abdulla	Member/Independent NED	1 July 2020	 100%

The minutes of all AC meetings are provided to the Board. The Board is briefed on significant matters deliberated during the AC meetings.

The senior members of Management comprising the GMD, Chief Executive Officer ("CEO") Property Development, Group Chief Financial Officer ("GCFO"), COO – Township, COO – Integrated, CRICO and the CAO are permanent invitees to AC meetings. They attend all AC meetings in order to provide explanations and answer queries. The CPO is invited to the AC meetings as and when required. Where required, the respective Heads of Department or Business Units are called to provide clarification to the AC on specific matters related to their areas of responsibility.

The external auditors are invited to the AC meetings to brief the Committee on relevant matters.

TERMS OF REFERENCE

In discharging its duties, the AC has authority to investigate any matter within its TOR. The full TOR for the AC is available online in the Corporate Governance section at www.simedarbyproperty.com/who-we-are/corporate-governance.

FINANCIAL REPORTING	EXTERNAL AUDIT																									
<ul style="list-style-type: none"> (a) Reviewed the unaudited quarterly financial results and the related press statements for recommendation to the Board for approval before release to Bursa Securities. (b) Reviewed all matters highlighted by the external auditors in relation to the audited financial statements and significant judgements made by Management. (c) Reviewed the audited financial statements of the Group and ensured that they comply with Malaysian Financial Reporting Standards, for recommendation to the Board for approval. (d) Reviewed the dividends proposed by Management for recommendation to the Board. 	<ul style="list-style-type: none"> (a) Reviewed the written assurance provided by external auditors in respect of their independence in relation to the audit engagement for the FYE 31 December 2023. (b) Reviewed the external auditors' group's audit plan, which outlines the scope of work, audit strategy and approach, for the FYE 31 December 2023. (c) Considered the Annual Transparency Report prepared by external auditors which contains the audit firm's legal and governance structure, measures taken to uphold audit quality and manage risks and indicators of audit quality. (d) Considered, together with Management, the Group's audit fees and provisions for non-audit services by the external auditors for recommendation to the Board for approval. The amount of audit and non audit fees paid to external auditors by the Group and the Company for the financial year ended 31 December 2023 are as follows: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="background-color: #0056b3; color: white;"></th> <th style="background-color: #0056b3; color: white;">Group RM'000</th> <th style="background-color: #0056b3; color: white;">%</th> <th style="background-color: #0056b3; color: white;">Company RM'000</th> <th style="background-color: #0056b3; color: white;">%</th> </tr> </thead> <tbody> <tr> <td>- Audit fees</td> <td style="text-align: right;">2,249</td> <td style="text-align: right;">84</td> <td style="text-align: right;">360</td> <td style="text-align: right;">56</td> </tr> <tr> <td>- Other assurance related fees</td> <td style="text-align: right;">357</td> <td style="text-align: right;">13</td> <td style="text-align: right;">270</td> <td style="text-align: right;">42</td> </tr> <tr> <td>- Non-Audit fees</td> <td style="text-align: right;">67</td> <td style="text-align: right;">3</td> <td style="text-align: right;">10</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">2,673</td> <td style="text-align: right;">100</td> <td style="text-align: right;">640</td> <td style="text-align: right;">100</td> </tr> </tbody> </table> 		Group RM'000	%	Company RM'000	%	- Audit fees	2,249	84	360	56	- Other assurance related fees	357	13	270	42	- Non-Audit fees	67	3	10	2	Total	2,673	100	640	100
	Group RM'000	%	Company RM'000	%																						
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Total	2,673	100	640	100																						
INTERNAL AUDIT	RELATED PARTY TRANSACTIONS ("RPTs")																									
<ul style="list-style-type: none"> (a) Approved Group Corporate Assurance Department ("GCAD") scope of work, audit plan and budget, as well as made enquiries as to GCAD's resources, expertise, professionalism and independence to meet planned audit activities across the Group. (b) Considered GCAD's major findings and recommendations, Management's responses and follow-up actions to report to the Board. (c) Reviewed the implementation of consequence management by HR department in response to serious audit findings as a continuous effort by Senior Management to enhance the culture of responsibility and accountability. (d) Reviewed GCAD's reports on how Management's implementation of the internal audit recommendations are being followed up. (e) One private session were held between AC and CAO without the presence of Management. (f) Assessed and approved the KPIs for the CAO and appraised the CAO's performance. (g) Reviewed the whistleblowing matters presented by GCAD. (h) Monitored and tracked the achievement of audit plan via updates provided by CAO during the AC meeting. (i) Considered the internal Quality Assurance Improvement Programme ("QAIP") performed by GCAD. (j) AC had a direct engagement with all GCAD staff. 	<ul style="list-style-type: none"> (a) Reviewed significant RPTs entered into by the Group to ensure that the transactions were in the best interest of Sime Darby Property and were fair, reasonable, and on the Group's normal commercial terms, and not detrimental to the interest of the minority shareholders of Sime Darby Property. (b) Reviewed the processes and procedures on RPTs/recurrent RPTs to comply with the CA 2016 and the Listing Requirements, and to ensure that related parties are appropriately identified and that RPTs are declared, approved and reported appropriately. 																									
OTHER ACTIVITIES	ANNUAL REPORT																									
<ul style="list-style-type: none"> (a) Reviewed the proposed revision of GPAs. (b) Reviewed the update of Group Risk Register. (c) Reviewed the update of tax matters. (d) Reviewed the proposed dividend payout for the FYE2023. (e) Reviewed the proposed revisions of AC TOR. (f) Reviewed the Non-Audit Service Framework. (g) Site visits to various project sites were carried out to assess the site safety and International Labour Organisation's ("ILO") compliance. (h) Reviewed the proposed audit re-tendering policy. 	<ul style="list-style-type: none"> (a) Reviewed and endorsed the Statement on Risk Management and Internal Control ("SORMIC") for Board approval and inclusion in the Annual Report for the FYE 31 December 2022. (b) Reviewed and approved the AC report for inclusion in the Annual Report for the FYE 31 December 2022. 																									
TRAINING																										
	<p>During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to maintain high level of financial competencies, and generally keep themselves abreast of changes and updates.</p> <p>The details of training programmes and seminars attended by each AC member during FYE2023 are set out on pages 34 to 36 of the CG Report.</p>																									

Corporate Governance Overview Statement

— PRINCIPLE — **B** — EFFECTIVE AUDIT AND RISK MANAGEMENT —

GROUP CORPORATE ASSURANCE DEPARTMENT

OVERVIEW

GCAD is the Group's in-house internal audit function and is headed by the CAO.

To ensure appropriate degree of independence and objectivity:

- The CAO reports functionally to the AC and administratively to the GMD to ensure its independence.
- The authority, function, roles and responsibilities of GCAD as articulated in the Group Corporate Assurance Charter have been approved by the AC.
- The appointment, transfer or dismissal of CAO is subject to final approval of the Board, following recommendation of the NRC and the AC.
- Performance of both CAO and GCAD will be evaluated by the AC.
- Members of GCAD do not have any business or operational line of responsibility.

GCAD confirmed its organisational independence to the AC that they were and have been independent, objective and in compliance with the Code of Ethics and Standards as prescribed in the 2017 International Professional Practices Framework ("IPPF").

FRAMEWORK AND PRACTICES

GCAD is guided by its Group Corporate Assurance Charter which defines the mission & objective, responsibility, accountability, authority, independence & objectivity and professionalism & ethical standards of GCAD.

The internal audit processes and activities are governed by the Group's COBC, GPA and the Institute of Internal Auditors' ("IIA") mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

An internal QAIP is performed for all aspects of the internal audit activities to enable an evaluation of internal audit's performance in line with the IIA's International Standards and Code of Ethics.

RESOURCES AND COMPETENCIES

The internal audit activities were conducted by a team of 11 internal auditors with the following background and expertise:

Background	No of Auditors
Background No of Auditors Accounting and Finance (6 auditors possess professional qualification (ACCA, CPA etc)	7
Engineering	3
Others	1
Total	11

Source: based on the GCAD headcount as of December 2023

GCAD is committed to the development and enhancement of knowledge of the internal auditors. This is evidenced through attendance at external and internal trainings, workshops, conferences and knowledge sharing sessions designed to improve their competencies in both technical and soft skills. On average, each GCAD staff achieved minimum of 3 learning days in FY2023.

A total of RM5.4 million was spent in 2023 on internal audit. This comprised mainly of staff payroll and costs associated with audit work.

RESPONSIBILITIES AND ACTIVITIES

The primary responsibilities and key activities for GCAD are summarised below:

Undertake regular and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.

Provides recommendations in improving risk management, governance and internal control processes.

Managed the whistleblowing process to ensure that all complaints received are properly recorded and reported to AC and concluded.

The key activities carried out by GCAD during the FYE 31 December 2023 included:

Audit Risk Assessment

- Evaluated risk exposure relating to achievement of the Group’s strategic objectives and mapping this against the Risk Register to ensure key risks are considered and deliberated with Management, external auditors and Group Risk Management on a periodic basis.

Audit Planning

- Prepared and tabled the annual risk-based audit plan to AC for review and approval.
- The audit plan is reviewed at least bi-annually, especially when there is a change in risk profile or business strategy.

Internal Controls Assessment

- Devised a programme of work taking into consideration the risk profile and identification for key business cycles audited.
- Reviewed and appraised the adequacy and application of internal controls.
- Evaluated the systems established to ensure adherence with those policies, plans and procedures which could have a significant impact on the Group.
- During the course of work, identified potential cost savings and prevention of income leakage.
- Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels.
- Conducted ad-hoc or special reviews requested by Directors or Senior Management.
- Performed follow up audit and monitored the progress of implementation of recommendations and resolutions of all outstanding matters in relation to findings.
- Reported status of outstanding audit findings to AC. Undue delays in the implementation of agreed action plans were escalated to the relevant authority for appropriate decision.

Provision of Consultative and Advisory Services

- The CAO attended the meetings of the AC on a quarterly basis to brief the AC on audit results and significant matters raised in GCAD’s reports.
- The CAO attended meetings of the GMC on a consultative and advisory capacity to provide independent feedback on the risk management, control and governance aspects for deliberation.
- The CAO attended the quarterly GOMC meetings and presented the results and significant matters raised in the audit reports.
- Witnessed the tender opening process for procurement goods or services to ensure the activities in the tendering processes are conducted in a fair, transparent and consistent manner.
- Facilitated the re-tendering exercise of statutory audit services to ensure it was carried out objectively and fairly.
- CAO conducted an onboarding session with new members of Senior Management where they have been briefed of GCAD’s main roles and responsibilities, including the significant matters required their attention.

Performance Evaluation

- Both AC and Managements feedback on GCAD’s overall performance were sought via the annual feedback survey.
- An internal QAIP was conducted, and the results were tabled to AC for consideration.

Collaboration with Other Assurance Functions

- Worked together in collaboration with the external auditors on specific reviews.
- Had joint reviews together with other functions such as the Sustainability team and HR on various audits.

Regular Engagement with AC

- All GCAD staff had a direct engagement session with AC members during the year.

Corporate Governance Overview Statement

— PRINCIPLE — **B** — EFFECTIVE AUDIT AND RISK MANAGEMENT —

RISK MANAGEMENT COMMITTEE REPORT

ROLE OF THE COMMITTEE



The RMC is a Board Committee established to assist the Board in fulfilling its responsibilities pertaining to risk, integrity and compliance management.

The RMC is chaired by an Independent Director and comprises of a majority of independent directors, in line with Principle B, Chapter II of the MCCG, Step Up 10.3.

The primary function of RMC is to provide oversight on the implementation of the risk, integrity and compliance frameworks of the Group and its related key processes, including but not limited to ensuring the Management has put in place adequate resources, infrastructure, systems, controls and processes to manage material risks that could hinder the Group from achieving its strategic objectives and targets, while safeguarding shareholders' investments and the Group's assets.

The roles and responsibilities of the RMC are summarised in the Corporate Governance Overview Statement on pages 244 to 245 of this Integrated Report. The TOR of the RMC are available on the Group's website at www.simedarbyproperty.com/who-we-are/corporate-governance.



COMMITTEE EFFECTIVENESS

COMPOSITION AND ATTENDANCE

During the financial year under review, the composition of RMC was as follows:

Members	Membership/Designation	Appointment	Attendance at Meetings
Mohamed Ridza Mohamed Abdulla	Chairman/Independent NED ⁽¹⁾	1 July 2020	 100%
Tan Sri Jaganath Derek Steven Sabapathy	Member/Non-Independent NED ⁽²⁾	12 July 2017	 100%
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Member/Non-Independent NED	12 July 2017	 100%
Dato' Soam Heng Choon	Member/Independent NED	1 July 2020	 100%
Dr. Lisa Lim Poh Lin	Member/Independent NED	1 October 2021	 100%

Notes:

⁽¹⁾ Re-designated from Member to Chairman of RMC on 23 March 2023.

⁽²⁾ Re-designated from Chairman to Member of RMC and SID to Non-Independent NED on 23 March 2023.

The RMC comprises five (5) experienced NED, whom are independent of Management. Three (3) out of five (5) RMC members comprised Independent NED during FY2023.

The qualifications and experience of all RMC members are listed on pages 190 to 197 of this Integrated Report and on the Group's website at www.simedarbyproperty.com/who-we-are/board-of-directors.

OPERATIONS OF RMC

Five (5) RMC meetings were held in FY2023. These meetings were pre-determined, scheduled, and approved by the Board in the preceding year.

During meetings, the RMC is supported by the GMD, GCFO, CEO – Property Development, COO – Township, COO – Integrated and CRICO, each of whom are permanent invitees. Other attendees, both internal and external, may also be invited to attend RMC meetings in order to brief members as necessary.

Key matters deliberated and decisions made at each quarterly RMC meeting are reported and updated by the Chairman of the RMC to the Board in the same quarter. This report is tabled by the Chairman of the RMC as a standing agenda item in the scheduled Board meeting.

Details of the deliberations of RMC meetings are further shared with the Board through the circulation of RMC minutes of meeting in subsequent quarters.

At the operational level, the RMC is supported by the CRICO who manages the day-to-day operations of both Group Risk Management ("GRM") and Group Compliance Office ("GCO").

ANNUAL PERFORMANCE ASSESSMENT

For the financial year under review, the Board has reviewed the terms of office and assessed the composition, performance and effectiveness of the RMC based on recommendations from the NRC. The Board was satisfied that the RMC and its members have effectively discharged their duties in accordance with their TOR.

SUMMARY OF RMC'S WORK DURING THE FINANCIAL YEAR

The global and Malaysian economy faced similar challenges in FY2023 when compared to FY2022. Decreased GDP growth was projected as the world emerged from the shadows of the COVID-19 pandemic and further underwent monetary tightening to allay inflation fears, significant increases in commodity prices and continued geoeconomic fragmentation. This has resulted in a higher cost of doing business and contributed to a subdued consumer market.

These challenging conditions have directly impacted the Group. To mitigate against negative impacts and leverage potential opportunities, the Management has continuously assessed and monitored the Group's operations, ensuring that key risks at the enterprise and operational levels are managed appropriately to minimise the impact of risk exposures to the Group.

Key risks impacting the Group are reported by the Management to the RMC and the Board as part of the Group's risk management process. These key risks are then deliberated at RMC and Board meetings to ensure appropriate risk mitigations have been put in place by Management and are then monitored to ensure that risk outcomes are managed to an acceptable level.

Corporate Governance Overview Statement

— PRINCIPLE — **B** — EFFECTIVE AUDIT AND RISK MANAGEMENT —

During the year under review, the RMC continues to carry out its duties as follows:

A) RISK MANAGEMENT

Enterprise Risk Management Framework Elements	Details
Leadership and Commitment	<ul style="list-style-type: none"> Reviewed and recommend the proposed revised RMC TOR for Board approval. Reviewed and approved the revised GRM Charter.
Risk Management Activities <ul style="list-style-type: none"> Assessment Monitoring and Review Communication and Consultation 	<ul style="list-style-type: none"> Monitored Group-level risk exposures and management of significant financial and non-financial risks, including the potential impact of cybersecurity and sustainability issues on the Group. Evaluated existing, new and emerging risks identified by the Management and/or GRM every quarter or as and when required. Reviewed the Group's Key Risks Profile and ensured that significant risks outside the tolerable range were addressed, with prompt and appropriate actions taken. Provided the necessary feedback and/or challenged the Management on the effectiveness of mitigation action plans for key risks impacting the Group. Reviewed and provided the necessary counsel and feedback on the ESG risk assessments carried out on the Group's six (6) key material matters. Reviewed and provided necessary feedback pertaining to the Group's exposure to cyber risk and the implementation of the Group's Cybersecurity Framework. Reviewed and provided feedback on material risks for major investments and presented findings to the Board.
Monitoring and Review (Culture and Engagement)	<ul style="list-style-type: none"> Reviewed status updates on gap closure in respect to the Group's Enterprise Risk Management ("ERM") maturity level. Reviewed status update on gap closure in respect to the Group's integration of ESG risks.
Reporting (Internal and External)	<ul style="list-style-type: none"> Reviewed and provided feedback on quarterly status update pertaining to activities undertaken by GRM. Reviewed and recommended to the Board to include the Group's SORMIC, RMC Report and a write-up on key risks in the Annual Report 2022.
Other Matters	<ul style="list-style-type: none"> Deliberated and approved achievements against the CRICO KPI Scorecard for FY2022. Reviewed and approved KPIs for CRICO for FY2023. Reviewed the achievements against the GRM Annual Plan for FY2023. Reviewed and approved the GRM Annual Plan for FY2024.

B) INTEGRITY AND COMPLIANCE:

Group Compliance Framework Elements	Details
Compliance Management	<ul style="list-style-type: none"> Reviewed and provided the necessary feedback on the proposed revision to the GPAs and recommended the proposed changes to the Board for their deliberation and approval. Reviewed and provided the necessary feedback to the proposed changes to the Group’s COBC. Reviewed and approved the revised Group’s GCO Charter. Reviewed and provided the necessary feedback to enable the finalisation of the Group’s Anti-Bribery and Corruption (“ABC”) ISO Certification Readiness Review.
Compliance Monitoring	<ul style="list-style-type: none"> Reviewed and provided the necessary counsel and feedback on the status update on gap closures in respect to the Group’s preparations to meet the Corporate Liability provisions.
Reporting and Resolution	<ul style="list-style-type: none"> Reviewed and provided feedback on the quarterly status update of activities undertaken by GCO.
Reporting (Internal and External)	<ul style="list-style-type: none"> Reviewed and approved for submission to the Malaysian Anti-Corruption Commission (“MACC”) the Group’s half-yearly status updates on corruption-related activities and programmes as required by the MACC.
Other Matters	<ul style="list-style-type: none"> Reviewed achievements against the GCO Annual Plan for FY2023. Reviewed and approved the GCO Annual Plan for FY2024.

GROUP RISK MANAGEMENT

GRM is a dedicated function established to assist the Board, RMC and Management with the coordination and implementation of the Risk Management Framework across the Group.

GRM’s roles include assisting Management, business and operating units to:

- Embed risk management into the organisational culture and encourage effective decision-making at all levels of the organisation.
- Integrate risk management into key business processes and facilitate achievement of Group’s objectives while mitigating uncertainties.
- Establish, maintain and monitor the implementation of formal, explicit risk management processes by identifying, assessing, and managing risks impacting business objectives and/or those which are outside the Group’s risk appetite parameters. These risks are documented, aggregated, evaluated and reported at Group-level to the Management and the RMC.
- Review key corporate activities and transactions that are significant to the Group.

Corporate Governance Overview Statement

PRINCIPLE



EFFECTIVE AUDIT AND RISK MANAGEMENT

Key activities for the year under review included but were not limited to:

Enterprise Risk Management Framework Elements	Details
Leadership and Commitment	<ul style="list-style-type: none"> Reviewed and proposed necessary changes to the RMC TOR for the RMC's approval. Reviewed and proposed necessary changes to the GRM Charter for the RMC's approval.
Monitoring and Review (Culture and Engagement)	<ul style="list-style-type: none"> Collaborated with relevant internal stakeholders to implement recommendations to close gaps identified in ESG risk integration. Provided status updates on gap closure in respect to the ESG risk integration to the Group's GOMC and the RMC. Collaborated with relevant internal stakeholders to implement the recommendations to close gaps identified pertaining to the Group's ERM maturity level. Provided status updates on gap closure in respect to ERM maturity to GOMC and the RMC.
Risk Management Activities <ul style="list-style-type: none"> Assessment Monitoring and Review Communication and Consultation 	<ul style="list-style-type: none"> Reviewed and provided the necessary challenge and feedback on key risks identified by business or functional department on proposals relating to major investments, commencement of development projects and key tenders entered into by the Group prior to submission to various Management Committee and/or to Board Committee(s) or the Board for approval. Reviewed and provided the necessary challenge and feedback on the Quarterly Risk Reports provided by Business and Operating Units to improve the quality of reported risks and its related information. Facilitated, reviewed and provided the necessary feedback on the Group's Materiality Assessment and ESG risk assessment (related to materiality assessment results). Conducted site visits to obtain first hand insight on the progress of projects intended to mitigate, key risks or challenges faced by the respective projects and/or operations.
Training and Communication	<ul style="list-style-type: none"> Participated as one of the key trainers and presented the risk module during the Group's employee onboarding training. Conducted a Risk Forum with risk owners and risk coordinators of the Group.
Reporting (Internal and External)	<ul style="list-style-type: none"> Coordinated quarterly risk reviews and prepared the Group's Quarterly Risk Report for submission to GOMC, the RMC and the Board. Prepared the Group's SORMIC, RMC Report and write-up on key risk in the Annual Report 2022.
Other Matters	<ul style="list-style-type: none"> Continued to support the Crisis Management Team in their operations. Prepared the GRM Annual Plan for FY2024 for RMC approval.

GROUP COMPLIANCE OFFICE

GCO is an independent function established to assist the Board and Management in achieving its compliance and integrity strategy and objectives by coordinating key compliance risk management activities across the Group.

GCO's roles include:

- Planning and executing compliance, ethics and integrity programmes based on approved frameworks, thus addressing key compliance and integrity issues and concerns within the Group.
- Maintaining an effective compliance communication programme for the Group to foster a compliance and integrity culture.

Key activities for the year under review included but were not limited to:

Group Compliance Framework Elements	Details
Leadership and Commitment	<ul style="list-style-type: none"> • Reviewed and updated the revised GCO Charter for RMC's approval.
Compliance Management	<ul style="list-style-type: none"> • Continued with the implementation of Anti-Bribery and Corruption prevention activities to reduce the Group's corporate liability risk exposure. Provided status updates on the activities to GOMC and RMC. • Coordinated, reviewed and proposed changes to the GPAs for Management, RMC and Board approval (annual review). • Led reviews of proposed revisions to the Group's COBC, including design changes. Proposed changes to GOMC, RMC and Board for approval. • Coordinated the Anti-Bribery and Corruption ("ABC") ISO Certification Readiness Review and presented results of the review to GOMC and RMC for feedback prior to finalisation. • Fulfilled various advisory functions in relation to the Group's COBC, GPAs and Group Limits of Authorities.
Compliance Monitoring	<ul style="list-style-type: none"> • Coordinated regulatory compliance reporting requirements, including via quarterly reports to Management and Board on key non-compliance incidences reported by operations/employees. • Initiated and tracked the completion of the Group's compulsory FY2023 Annual Compliance & Integrity Pledge, and provided updates on the status of completion to Management.
Training	<ul style="list-style-type: none"> • Developed and rolled out the Group's COBC e-learning and e-assessment in Bahasa Malaysia. • Deployed the COBC e-learning and e-assessment in both English and Bahasa Malaysia for all employees during FY2023. • Participated as a key trainer during the Group's employees' onboarding training programme, covering the Group's governance structure and policies such as the GPA, COBC and Whistleblowing Policy.
Reporting and Resolution	<ul style="list-style-type: none"> • Prepared quarterly status updates on activities undertaken by the GCO.
Reporting (Internal and External)	<ul style="list-style-type: none"> • Prepared the necessary half-yearly status updates on corruption-related activities and programmes for submission to MACC.
Other Matters	<ul style="list-style-type: none"> • Prepared the Group's GCO Annual Plan for FY2024 for RMC approval.

Corporate Governance Overview Statement

— PRINCIPLE —



— ENGAGING WITH OUR STAKEHOLDERS —

COMMUNICATIONS WITH STAKEHOLDERS

Ongoing engagement and communication with stakeholders are vital in fostering a healthy relationship between the Company and its stakeholders and are critical for the sustainable growth of the Group's business as this gives stakeholders a much better insight into the Company and facilitates mutual understanding of each other's expectations. As such, Sime Darby Property has consistently maintained an open dialogue with the relevant stakeholder groups such as shareholders, investors, regulatory agencies, vendors, employees and others. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in the decision-making process.

The Board is committed to providing a fair, objective and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, integrated annual report and all other reports to shareholders, investors, regulatory authorities and other stakeholders.

Sime Darby Property's Investor Relations is principally tasked with facilitating effective communication channels between the Group and the investment community. The Investor Relations Department conducts an extensive programme that involves the holding of regular meetings, conference calls, site visits, road shows and conferences, all of which are intended to keep the investment community abreast of the Group's strategic developments and financial performance. These platforms allow the Investor Relations Department to provide consistent, accurate, transparent and timely information. Briefings for the analysts and media are conducted every quarter in conjunction with the release of the quarterly financial results to facilitate consistent dialogue between the Group's key Senior Management and the investment community. The press releases, announcements to Bursa Securities, analyst briefings and quarterly results of the Group are also made available on the Group's corporate website, and this helps to promote accessibility of information to the shareholders and other stakeholders.

Shareholders, potential investors and members of the public can access the Group's corporate website at www.simedarbyproperty.com for more information on the Group. There is a dedicated section for corporate governance on the Group's corporate website where information such as the Board Charter, COBC, Fit and Proper Policy, Annual Reports, Minutes of General Meetings, Constitution and TOR of the Board Committees are made available to the public. A corporate calendar of material events, such as entitlement dates, ex-dividend dates and

payment dates for dividend payment, all announcements made by the Group to Bursa Securities, including quarterly results and dividend information, and presentation slides for analyst briefings are also available on the Group's corporate website under the Investor Relations section, for the benefit of the investing public.

Any enquiries on investor-related matters may be directed to investor.relations@simedarbyproperty.com or:

Sime Darby Property Berhad

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CONDUCT OF GENERAL MEETINGS

The AGM serves as the principal platform for open dialogue and direct two-way interaction between the shareholders, the Board and Management to communicate and provide clarification on the Group's business strategy, activities, performance, governance and other related matters.

Sime Darby Property held its 50th AGM on 24 May 2023 conducted on a fully virtual basis held at a broadcast venue. The notice of the 50th AGM was issued to the shareholders on 20 April 2023, which was more than twenty-eight (28) days before the meeting. The same was also published through the announcement to Bursa Securities and Sime Darby Property's corporate website. The notice of the 50th AGM provided details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly.

The Chairman briefed the attending shareholders on the voting procedures and programme outlined, including proceedings that would take place. The holding of the virtual AGM was in line with the provision of the CA 2016, Sime Darby Property's Constitution and the SC Malaysia's Guidance Note and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers.

The Board encouraged active participation by the shareholders and investors at the AGM. The Chairman also opened the floor for questions as a platform for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses, as reflected in the Minutes of the 50th AGM. All Directors (save for one Director who attended

virtually) and Senior Management together with the external auditors were present at the 50th AGM broadcast venue in order to provide responses to questions raised by the shareholders.

The GMD presented the overall performance and the moving forward plan of the Group at the 50th AGM. In addition, questions raised by the Minority Shareholders Watch Group and Sime Darby Property's responses were presented for the benefit of the shareholders. The questions and responses were also uploaded onto the Group's website prior to the 50th AGM. Thereafter, a copy of the presentation by the GMD was made available on the website upon the conclusion of the 50th AGM, followed by the publication of the Minutes of the 50th AGM on the Corporate website within thirty (30) business days after the meeting.

All resolutions tabled at the 50th AGM were carried out by way of poll through electronic voting and the results were announced to Bursa Securities on the same day. Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") was appointed as Poll Administrator to conduct the polling process whilst Coopers Professional Scrutineers Sdn Bhd was engaged as an independent scrutineer to verify the poll results.

As an initiative to explore the leveraging of technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at Sime Darby Property's general meetings as well as to promote environmental sustainability and cost efficiency, the Group will continue to leverage on e-communication platform with shareholders for the following:

- 1) Sime Darby Property's Integrated Report 2023 onwards together with Circular to Shareholders (if any).
- 2) E-Lodgement of proxy forms by shareholders for Sime Darby Property's 51st AGM.

Shareholders may register as a user with Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com>. An e-mail will be sent to the entitled registered users to enable them to submit their proxy forms through the e-submission facility via BSIP.

Sime Darby Property will continue to leverage on technology and implement remote shareholders' participation and online remote voting (or voting in absentia) at the 51st AGM in accordance with Section 327(1) and (2) of the CA 2016 and Rule 72 of Sime Darby Property's Constitution. Shareholders who attend the 51st AGM via remote participation will also be able to submit questions during the AGM for Sime Darby Property

to respond. Shareholders are encouraged to take advantage of this technology to attend the 51st AGM remotely.

Subsequent to the 50th AGM, an EGM was convened for the Proposed Acquisition of Kapar Land, which was also conducted in a fully virtual mode with similar meeting proceedings, voting by way of poll through remote shareholders' participation and online remote voting (or voting in absentia) using TIIH Online. The voting results were announced to Bursa Securities after the EGM on the same day.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board will continue its efforts to enhance its corporate governance standards and foster a culture that advocates for ethical conduct, transparency and sustainable value creation. The end goal is to realise long-term shareholder value while taking into account the interests of its stakeholders.

SUMMARY

Sime Darby Property has adopted and applied the Practices as recommended by the MCCG save for the following:

- Practice 8.2 (Disclosure on a named basis of the Top Five Senior Management's remuneration).
- Step-Up Practice 8.3 (Fully disclose the detailed remuneration of each member of senior management on a named basis).
- Step-Up Practice 9.4 (AC should comprise solely of Independent Directors).

Please refer to the detailed disclosures of the Company's governance practices in the CG Report which is published on the Group's corporate website.

STATEMENT BY THE BOARD ON COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that Sime Darby Property has fulfilled its obligations under the relevant paragraphs of the Listing Requirements of Bursa Securities, CA 2016, the MCCG and the CG Guide – 4th Edition issued by Bursa Malaysia and other applicable laws and regulations throughout the FY 31 December 2023. This CG Overview Statement was approved by the Board of Sime Darby Property on 26 March 2024.

Statement on Risk Management and Internal Control



This Statement of Risk Management and Internal Control is prepared pursuant to paragraph 15.26 (b) of Bursa Malaysia's Main Market Listing Requirements ("MMLR") and Principle B, Chapter II, Intended Outcome 10.0, Practices 10.1 and 10.2 and Guidance 10.1 and 10.2 as set out in the Malaysian Code on Corporate Governance ("MCCG") respectively, with guidance from Bursa Malaysia's 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers'. It outlines the key features of the risk management and internal control framework and system within Sime Darby Property Berhad during the financial year under review.

The scope of this disclosure excludes associated companies and joint ventures that are not under the control of the Group.



RESPONSIBILITY AND ACCOUNTABILITY

AT BOARD LEVEL

The Board

The Board affirms its overall responsibility for establishing a sound and effective risk management, internal control and accountability framework and systems, including by reviewing the adequacy and effectiveness of the Group's governance, risk management and internal controls system. The risk appetite of the Group has been set by the Board to ensure the Group is governed and managed within the parameters and types of risk that the Group is willing to accept as it pursues its business and strategic objectives. The Board has also ensured that Management have provided the necessary assurance that sound controls, accountability and reward systems are in place to manage the various business operations and governance strategies, objectives and commitments that the Group undertakes. This will provide the required comfort that corresponding strategic and operational risks that would hinder the achievements of the set strategies and objectives are adequately mitigated within its approved risk appetite and the Group's governance and ethical environment. Any deviation from these set controls or risk appetite due to unforeseen circumstances will require Board's approval prior to any implementation.

The Board recognises that the Group's risk management and internal controls systems are designed and updated from time to time to align with changes in business environment and manage the Group's risk exposure and are not intended to eliminate risk. Therefore, the systems can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In fulfilling its oversight responsibility, the Board, as a whole, or through delegation to the Audit Committee ("AC") and Risk Management Committee ("RMC"), reviews the Group's risk management system and internal control systems' adequacy and effectiveness.

Even though the AC and RMC assist the Board in discharging its duties, the Board remains responsible for both Board committees' actions. The Board maintains its role in determining the Group's risk appetite, as well as identifying and challenging the Group's key business risks while continuously monitoring them to safeguard the Group's investments and key assets.

Please refer to the Corporate Governance Overview Statement on pages 207 to 249 of this Integrated Report for the full list of responsibilities of the Board, AC and RMC.

Audit Committee ("AC"):

One of the main functions of the AC is to assist the Board in assessing the adequacy and effectiveness of the Group's governance, risk management and internal controls systems through the operations of internal audit reviews conducted by Group Corporate Assurance ("GCA"), internal control recommendations prepared by external audits and/or any reviews conducted by external consultants/auditors. The members of the AC comprise independent non-executive directors.

The AC has actively overseen the independence, scope of work and resources of the GCA, and meets periodically to review audits and investigation reports prepared by the GCA. The AC reviews all significant and material findings highlighted by the internal and external auditors to ascertain that the mitigation plans are implemented by Management in a timely manner to ensure proper upkeep of governance and to safeguard the Group's interests. On an annual basis, the AC holds private

sessions with the Group’s external auditors and the Chief Assurance Officer which allow external and internal auditors to provide candid and confidential comments on matters that might not have been specifically addressed as part of audits conducted without the presence of management.

Any significant matters relating to internal controls deliberated by the AC are brought to the attention of the Board for further deliberation, where necessary.

To ensure risk and internal control alignment, the AC is provided with a quarterly risk update by Group Risk Management (“GRM”).

Written summaries of key matters discussed by the AC and minutes of its meetings are presented to the Board every quarter.

Risk Management Committee (“RMC”):

The RMC’s main function is to support the Board in establishing and overseeing the implementation of the Group’s Risk, Compliance and Integrity Management Frameworks while regularly reviewing the Frameworks to ascertain their adequacy and effectiveness. The RMC is chaired by an independent director.

In view of the importance of managing sustainability and cybersecurity risks, the RMC provides oversight, direction, and counsel over the key risk areas related to information technology and sustainability on top of other key material enterprise and operational risks of the Group.

The RMC provides guidance and assessments through engagements with relevant internal stakeholders, reviews quarterly risk, compliance and integrity reports and holds discussions with the Chief Risk, Integrity and Compliance Officer and the Management. The RMC reviews all significant and material findings shared by risk and compliance officers to ascertain that the mitigation plans implemented by Management are adequate to safeguard the Group’s interests and assets.

The RMC also reviews major investments outside the Group’s current business lines and the Management’s assessment of its key associated risks (including funding options, costs and investment returns) prior to the Board’s approval to ensure material risk to the transactions are managed appropriately and in line with the Group’s risk appetite.

Similar to the AC, any significant risk-related matters are brought to the Board’s attention for deliberation and approval. A summary of key matters discussed by the RMC and minutes of its meetings are presented to the Board every quarter.

AT OPERATIONAL/IMPLEMENTATION LEVEL

Management

The Management, which is led by the Group Managing Director (“GMD”), is accountable to the Board and responsible for implementing Board-approved frameworks, policies, and procedures on risk management and internal control management.

The **Governance Oversight Management Committee (“GOMC”)**, chaired by the GMD, was established to deliberate on risk, integrity, compliance and audit matters on a quarterly basis to ensure issues highlighted by GCA, GRM and Group Compliance Office (“GCO”) are deliberated, monitored and resolved, where possible, at the highest level of the Management.

The Management recognises its role in respect to risk management and internal controls which includes:

- (i) Identifying and evaluating the risks faced by the Group in line with its business objectives, strategies and overall risk appetite;
- (ii) Formulating, implementing, and monitoring relevant controls, policies and procedures to manage key risks and their impact on operating systems and the Group’s operating environment;
- (iii) Continuously monitoring changes to the risk environment, including by identifying key emerging risks, taking appropriate mitigation actions and promptly bringing these changes to the Board’s attention;
- (iv) On a quarterly basis, providing a risk report covering key material risks of the Group, including risk mitigation measures to the RMC and the Board for further deliberation.
- (v) Monitoring the implementation of related governance frameworks and policies to achieve intended objectives;
- (vi) Allocating adequate resources to ensure risk management and the control environment are operating as intended;
- (vii) Enforcing compliance and a culture of accountability and integrity; and
- (viii) Promptly addressing any shortcomings or incidents of non-compliance with policies and procedures.

Statement on Risk Management and Internal Control

GRM and GCO:

The GRM and GCO are dedicated functions led by the Chief Risk, Integrity and Compliance Officer, who together with GRM and GCO, report directly to the RMC, thus enabling them to remain objective and independent of Management.

The GRM and GCO are established to coordinate, facilitate and support risk management, compliance and integrity frameworks and its activities. Pursuant to the Prime Minister's Directive (No.1 of 2018), GCO also functions as the Group's Integrity & Governance Unit ("IGU"), where it is tasked to drive the Group's Anti-Corruption and related Integrity Frameworks.

GRM and GCO Charters have been established to outline the functions and duties of GRM and GCO respectively, which are subject to RMC's approval. Both GRM and GCO's annual scopes of work are documented in their annual plans which are approved by the RMC after considering the Management's feedback.

Please refer to the RMC Report on pages 242 to 247 of this Integrated Report for GRM and GCO's mandates and key activities for the financial year under review.

GCA:

The GCA is an independent internal audit function which provides independent and objective assurance. The GCA helps the Group achieve its objectives by bringing a systematic, risk-based approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The GCA, led by the Chief Assurance Officer, reports directly to the AC, which allows the GCA to exercise objectivity and independence when discharging its duties. The GCA's internal audit work is based on a risk-based annual audit plan approved by the AC. Internal audit work covers, amongst others, risk exposure and compliance with policies, procedures and relevant laws and regulations.

Wherever practical, internal audit findings are benchmarked against best practices.

Please refer to the AC Report on pages 238 to 241 of this Integrated Report for the GCA's mandate and key activities for the financial year under review.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group recognises that an embedded Risk Management Framework within the Group's operations is an integral part of good corporate governance as it provides insights, improves decision making and enhances outcomes. The Group Enterprise Risk Management ("ERM") framework sets out the Group's risk strategy, objectives, risk governance, structure, practices, tools, reporting requirements and the roles and responsibilities in managing the Group's current and emerging material risks.

The ERM/Risk Management Framework is designed to be in line with principles of ISO 31000 for risk management. One of the key features of the ERM is the implementation of five (5) lines of defence which establish clear functional responsibilities and accountability for the management of risk. The first line of defence is Management business and support functions, which are responsible for managing enterprise and operational day-to-day risks that are inherent to business operations as well as risks taken in line with the Group's established strategies, objectives, appetite, policies and procedures. The second line of defence comprises of the GRM team and relevant support functions, which are responsible for assisting Management and the Board in establishing the required frameworks, policies and procedures to provide governance, oversight, and challenge over the risk activities carried out by the first line of defence. GCA, being the third line of defence, provides assurance via independent assessment, review and validation of risk management and governance frameworks, policies, procedures and tools, as well as related controls. The RMC and the AC support the Board as the fourth line of defence by overseeing and assessing the adequacy and effectiveness of the Group's governance, risk management and internal controls system. The Board, being the final fifth line of defence, has overall responsibility for the corporate governance, risk management and internal control of the Group. The Board ensures that Management has put in place sound controls, accountability and reward systems to manage the various business operations within its approved risk appetite.

The objective of the Group's Risk Management Framework is to provide a structured and consistent approach to risk management across the Group, which will allow the Group to continue to identify, assess, treat, communicate, monitor and review risks impacting its strategic objectives at both enterprise and operational levels. The framework adopts both the 'top-down strategic' and 'bottom-up operational/tactical' approach and spans the entire organisation to address all significant risk areas. The systematic and comprehensive (covers all key areas of the Group) framework is integrated into the Group's key

business processes and activities to ensure risk assessment remains current and reflects the ever-changing business environment, and constitutes an integral decision-making tool for the Management. The same framework is also applied when evaluating business and investment proposals to ensure that key risks arising from any business and investment decisions are evaluated and subsequently managed before any business decisions are made. Through this structure, material risks are consolidated from operational to Management level, before being escalated to the RMC and finally to the Board.

The Group’s key risks are tracked, documented, updated, and formally reported to GOMC, RMC, AC and the Board every quarter, or as and when required. The RMC reviews and assesses the mitigation actions to manage the Group’s overall risk exposure to an acceptable level and provides the Management with feedback for improvement.

Please refer to Key Risks and Mitigation Strategy on pages 111 to 122 of this Integrated Report for details on the key risk areas impacting the Group.

CONTROL ENVIRONMENT

The Board and Management have taken multiple steps to establish a controlled environment to manage various risks. The key elements of the Group’s internal controls are as follows:

Board Committees

The Board has formed various Board Committees such as the Nomination and Remuneration Committee (“NRC”), RMC, AC, and the Board Tender Committee to oversee specific responsibilities on its behalf. In 2023, the Board Sustainability Committee was established to support the Board in fulfilling its oversight responsibilities in relation to the Group’s Sustainability Strategy and framework.

These Board committees play an oversight role in promoting governance, transparency and accountability, including by facilitating the decision-making process based on specific levels of authority as stipulated in its respective Terms of Reference (“TOR”). Any changes to the structure, composition and TOR of any Board committee requires the Board’s approval.

Management Committees

The Group has established various management committees, each chaired by the GMD, to ensure that its day-to-day business operations are consistent with the corporate objectives, strategies, business plans and budgets approved by the Board. These committees bring together a wealth of experience and expertise to address key matters arising from internal and external operations in a more focused, effective and timely manner.

Key management committees include but are not limited to the Group Management Committee, Governance Oversight Management Committee, Group Investment Committee, Group Tender Committee, Development Management Committee, Management Sustainability Committee and Talent Council.

Statement on Risk Management and Internal Control

Annual Plan, Budgets and Management Reports

Annual Planning and Budgetary Exercise

The Board deliberates and approves the Group's annual business plan and budget for the year. The performance achievements of the plan and budget are assessed monthly and reported quarterly to the Board to allow for appropriate responses and actions to be taken.

Management and Board Monitoring and Reporting

The GMD and Senior Management team, via the Group Management Committee or other Management-level committees, review and provide the required intervention and/or approval to various reports pertaining to business and financial performance, business propositions, investment and disposal proposals, proposals to launch new products or services and various other management reports that highlight either performance indicators or the latest developments in governance and/or operational areas.

The Group's quarterly financial statements and performance are reviewed by the AC, which subsequently shares feedback for the Board's consideration and approval.

The Board is provided with and has access to a suite of reports, enabling it to monitor performance against the Group's strategies and operational plans. The Board deliberates on the reports to ensure that appropriate actions are taken to resolve issues identified and, where necessary, provides guidance to the Management.

Values, Code of Conduct and Group Policies

A) Purpose, Vision, Mission and Values

The Purpose, Vision, Mission and Values ("PVMV") of the Group continues to drive the direction and behaviour expected from the Group's employees. The PVMV adopted by all employees are:

- **Purpose** – To be a Value Multiplier for People, Businesses, Economies and the Planet
- **Vision** – Advancing real estate as a force for collective progress, in harmony with the planet's resources
- **Mission** – To develop, own and manage a thriving asset portfolio that creates value for all stakeholders
- **Values** – **'TEAM'**:
 - T** – Together we do what's right
 - E** – We lead with Excellence
 - A** – We embrace new Approaches
 - M** – We Make things happen

B) Code of Business Conduct ("COBC")

The Group continues to uphold its COBC which is designed to clearly articulate the Group's belief, values and aspirations, which in turn define the standards expected of all employees. The COBC covers commitment to our workplace, preservation & protection of the Group's assets and information, fostering open and honest communication, ethical conduct, interactions with counterparties, business partners, customers, environment & communities, working with joint venture partners & business alliances and when we deal with the Government, regulators, political parties, and non-governmental organisations ("NGOs"). The COBC is publicly available on the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

To ensure they understand and apply the principles articulated in the COBC, employees are required to undertake a mandatory annual COBC e-learning and e-assessment.

Values, Code of Conduct and Group Policies (cont'd)

C) Group Policies & Authorities and Limits of Authority

Group Policies & Authorities ("GPA") is a key component of the Group's internal control framework and is the highest policy level, covering a wide range of areas, including functional policies, ethics and conduct, policies to protect the Group's assets, key Group processes and limits of authority. These policies are supported by the clearly defined delegation of authorities which covers, amongst others, spending on operational and capital expenditure, procurement of goods and services and committing to investment or divestment. The GPA is reviewed annually and approved by the Board prior to its implementation to ensure that it remains effective and relevant to support the Group's activities and business environment.

The **Limits of Authority** as prescribed in the GPA and extended to all operational areas, where required, form the multi-tier authorisation and segregation of duties control process that govern day-to-day operations.

As part of the Group's ongoing communication and attestation exercise, all employees are required to annually attest their compliance with the Group's Policies and relevant laws and regulations.

Ethics and Integrity

The Board recognises that a strong compliance culture cultivates high standards of integrity and conduct. The Group's **Compliance Policy** is based on the premise of shared responsibility where compliance is the responsibility of all staff regardless of their position. The Group always strives to comply with its obligations. An event of non-compliance will be corrected immediately upon detection.

The Group takes a serious view of its legal and ethical responsibilities. It has taken steps to ensure compliance with internal controls, as well as with relevant laws and regulations that govern the business and operations of the Group.

Anti-Bribery and Corruption

The Group has a zero-tolerance stance against any form of bribery and corruption in all its business dealings. To guide the Group's employees on the expected behaviour, practices and approval requirements of these areas, the Group has put in place the following policies:

- Anti-Bribery & Corruption Policy
- Gift, Entertainment & Travel Policy
- Conflict of Interest Policy
- Sponsorships and Donations Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy

The above policies are reviewed and approved by the Board as part of the suite of policies under the Group's Policies and Authorities.

A summary of the above policies is publicly available on the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

Statement on Risk Management and Internal Control

Ethics and Integrity (cont'd)

Whistleblowing

The Group has put in place a whistleblowing process and channels to support the implementation of the Group's whistleblowing policy. The whistleblowing channels act as an avenue for all internal and external stakeholders to report or raise any suspected wrongdoing or misconduct.

The whistleblowing process, including investigations, is managed by GCA under the direct oversight of the AC. The whistleblowing policy and related trainings are managed operationally by GCO to ensure it remains relevant, embedded and rolled out to all employees of the Group. The direction of any investigations conducted, including whether the investigation is to be conducted internally or by an external party, is determined by the AC based on the reports received.

Whistleblowing reports, including the status and outcome of any ongoing investigations are reported to the AC on a quarterly basis. Based on the results of any ongoing investigations, the AC determines the next course of action, which may include the closure of the reported cases.

The Board is informed on material whistleblowing cases by the Chairman of the AC.

The Group's whistleblowing hotlines are publicly available on the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

Working with Counterparties

Ethical behaviour is a cornerstone of the Group's values. The expected behaviour is cascaded to the Group's supply chain through the **Vendor Code of Business Conduct ("Vendor COBC")** as the Group strives to develop, work, strengthen and maintain a mutually beneficial relationship with counterparties that share the same values and practices, while recognising that some values and business practices of counterparties may vary and significantly impact the Group. As such, the Group's Vendor COBC was developed to provide clarity on the Group's expectations with regards to the Group's counterparties' behaviour and conduct when working with, providing goods/services or entering into any business transactions with the Group.

Counterparties are expected to read, understand and acknowledge acceptance of the expected behaviour and practices by signing the **Vendor Integrity Pledge ("VIP")**. The VIP is a formal affirmation from the counterparty that they will comply with, respect and uphold the principles of the Vendor COBC, as well as all applicable laws and regulations, especially those relating to Anti-Bribery and Corruption.

The Vendor COBC and VIP is publicly accessible on the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

Adequacy and Effectiveness of Internal Controls, Policies and Procedures

Adequacy and Effectiveness of Internal Controls, Policies, and Procedures

The adequacy and effectiveness of the Group's internal controls, policies and procedures are subjected to on-going monitoring by the Group's second line of defence (i.e., GRM and GCO) and assessment as to the level of compliance by the Group's third line of defence (i.e., GCA).

GCA, the Group's in-house internal audit team, helps the Group achieve its objectives by bringing a systematic and disciplined risk-based approach to evaluating the effectiveness of existing risk management, control and governance processes. The GCA's annual audit plan is reviewed and approved by the AC, and achievements against plans outlined in audits are monitored every quarter. Audit findings are presented to the AC every quarter for their review and deliberation before it is tabled at Board meetings. Further details of activities undertaken by the AC can be found in the AC Report.

These three (3) independent functions assist the Board in discharging its oversight responsibilities on the risk management and internal controls system's adequacy and effectiveness.

As part of its audit process, the Group's external auditors also provide the Management and the AC with observations and recommendations to enhance the Group's control environment, where applicable.

Managing Unethical Practices and Material Non-compliance

The Group is committed to an ethical way of conducting its business and operations. Accordingly, it takes a serious view of any violation to the Group's COBC, policies or applicable laws and regulations. The Group has disciplinary procedures to deal with any violation. Material cases are also reported to the Board to ensure it has an overview of the ethical climate within the Group.

Human Capital Management

The Group manages its human capital requirements and its corresponding risks according to its operational needs. It considers the human resource development to ensure that it retains a highly engaged workforce and is able to continuously attract top talents. The Group continues to review its workforce requirements and its benefits and rewards framework to ensure that roles are adequately created, sized and compensated to drive a high-performance culture and cultivate a workforce capable of adapting to future changes and innovation.

The Group has:

- Incorporated our T.E.A.M. Values in HR practices to inculcate the right behaviours and culture in the organisation.
- Various frameworks, policies, and operating procedures on workforce planning, talent acquisition and management, performance management, learning and development, and employment practices to manage people-related risks and to ensure compliance with all applicable employment laws.
- A structured screening and interview process in the hiring and placement of candidates to ensure their talents match job functions.
- Defined and communicated job descriptions and responsibilities of approved positions on its internal online platform: HR on Cloud.
- Various in-house and external training programmes for employees at all levels to enhance competencies, knowledge and skills, as well as a leadership curriculum that is aimed at equipping managers with tools to coach, develop and retain talents.
- A comprehensive Human Resource ("HR") system that enables faster turnaround time for key HR processes and empowers line managers to make informed decisions on people processes. The platform also provides transparency in the flow of decision making and minimises dependence on physical paper trails.
- Integrated the Company's Code of Business Conduct and appreciation of Risk and Compliance in our new joiners' onboarding programme to assist them in acclimating to their work environment.

Statement on Risk Management and Internal Control

Insurance

The Group has established and put in place sufficient insurance coverage and physical safeguards on the Group's major assets to ensure that the Group's assets are adequately covered against mishaps that could result in material loss. Corresponding insurance coverage is also put in place by the Group's main contractors to ensure its construction and operational sites have adequate coverage to reduce any material losses arising from any mishaps at site.

A yearly review on the adequacy of coverage is conducted prior to the renewal of the Group's insurance coverages.

Communication and Reporting

Reporting to Shareholders and Other Stakeholders

The Group has established processes and procedures to ensure that Quarterly and Annual Reports, which cover the Group's performance, are submitted to Bursa Malaysia for release to shareholders and stakeholders on a timely basis. The Board reviews all Quarterly Results prior to their announcements.

The Group's Integrated Report is issued to shareholders within the stipulated time as prescribed under Bursa Malaysia's MMLR.

MATERIAL JOINT VENTURES AND ASSOCIATES

This statement does not cover the risk management, internal controls framework and processes of the Group's material joint ventures and associates as these areas fall within the control of their shareholders and management.

The Group safeguards its interests in those entities by appointing representatives on their respective boards and, in some cases, through their management or operational committees. The representatives provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Bursa Malaysia's MMLR, external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants and included in the Group's Integrated Report for the financial year ended 31 December 2023.

AAPG 3 does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group including the assessment and statements by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the integrated report will, in fact, remedy the problems.



ASSURANCE FROM MANAGEMENT

The Board has received reasonable assurance from the GMD and Group Chief Financial Officer that the Group's existing risk management and internal controls system is operating adequately and effectively in all material aspects. The Management has also committed to continuously review and strengthen the Group's risk management and internal controls system to ensure its adequacy and robustness.

CONCLUSION

The Board recognises that the Group's risk management and internal controls system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The Board, having taken into consideration the assurance from the Management and input from relevant assurance providers, is of the view that the Group's risk management and internal control system in place for the financial year under review and up to the date of approval of this statement for inclusion in the Integrated Report, is generally adequate and effective to safeguard the interest of shareholders and assets of the Group.

The Board, together with AC and RMC continues to be committed to maintaining as far as is practical, a sound system of risk management and internal controls that is reflective of current business needs and can support the achievements of the Group's strategic objectives.

This statement was approved by the Board on 26 March 2024.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2023.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to external auditors by the Group and the Company for the financial year ended 31 December 2023 are as follows:

	Group RM'000	Company RM'000
– Audit fees	2,249	360
– Other assurance related fees	357	270
– Non-Audit fees	67	10

Services rendered by PricewaterhouseCoopers PLT are not prohibited by regulatory and other professional requirements and are based on globally practiced guidelines on auditors' independence.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed, there are no material contracts entered into by the Group involving the interest of Directors and Major Shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial period:

(i) Shareholders' Agreement for the Set Up Of Industrial Development Funds

Sime Darby Property (Capital Holdings) Pte Ltd ("SDPCH"), a wholly-owned subsidiary of Sime Darby Property had, on 29 September 2021, entered into a shareholders' agreement with LOGOS SE Asia Pte Ltd ("LOGOS Property"), a wholly-owned subsidiary of LOGOS Group Property Limited to govern the parties' relationship as shareholders to a new joint venture company named Industrial Joint Venture (Holdings) Pte Ltd (now known as SDPLOG – IDF 1 (JV Holdings) Pte Ltd) ("JV Co") ("Joint Venture"), on a 51% (SDPCH): 49% (LOGOS Property) basis.

JV Co was incorporated in Singapore for the purpose of providing fund management and development services to industrial development funds established by the Joint Venture.

Sime Darby Property's share of equity requirements of the JV Co and its subsidiaries, which are expected to be minimal at RM2 million, will be raised via internally generated funds.

None of the directors or major shareholders of Sime Darby Property or persons connected with them has any interest, direct or indirect, in the Joint Venture.

(ii) Amended and Restated Limited Partnership Agreement

On 19 August 2021, the SDPLOG – IDF 1 (GP) Pte Ltd ("General Partner") and Sime Darby Property Ventures (HK) Limited (the "Initial Limited Partner"), a wholly-owned subsidiary of Sime Darby Property had entered into an Initial Limited Partnership Agreement to form the inaugural Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("Fund"). The Fund was formed and registered in Singapore as a limited partnership pursuant to the Limited Partnership Act 2008 and Limited Partnership Regulations of Singapore on 19 August 2021 under the name of Sime Darby Property Industrial Development Fund LP with registration number T21LP0099B. The Fund assumed its present name on 20 June 2022. The aggregate capital commitments of the Fund is up to US\$250 million.

Subsequently on 20 June 2022, the General Partner, the Initial Limited Partner, Sime Darby Property Ventures (MY) Sdn Bhd ("SDP Special Limited Partner"), a wholly-owned subsidiary of Sime Darby Property and LOGOS Malaysia Sponsor Investments Pte Ltd ("LOGOS Special Limited Partner"), entered into a Deed of Accession and Withdrawal to permit the admission of the SDP Special Limited Partner and the LOGOS Special Limited Partner into the Fund.

On 23 June 2022, the General Partner, SDP Special Limited Partner, LOGOS Special Limited Partner, Ombak Real Estate 2 Sdn Bhd (“**OMBAK**”), a wholly-owned subsidiary of Permodalan Nasional Berhad (“**PNB**”) and Kumpulan Wang Persaraan (Diperbadankan) (“**KWAP**”) entered into an Amended and Restated Limited Partnership Agreement to effect the admission of Ombak and KWAP as anchor investors for the first close of the Fund.

PNB and Amanahraya Trustees Berhad – Amanah Saham Bumputera (“**ASB**”) are deemed interested in the Amended and Restated Limited Partnership Agreement. Ombak is a wholly-owned subsidiary of PNB.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property.

(iii) Donation Agreement

Sime Darby Property had, on 2 June 2023 (“**Effective Date**”) entered into a donation agreement (“**Donation Agreement**”) with Yayasan Sime Darby (“**Foundation**”) where Sime Darby Property endeavours to make an annual cash donation of 3% of Sime Darby Property’s Profit After Tax and Minority Interest (“**PATAMI**”), subject to an annual minimum of RM5,000,000 and annual maximum of RM30,000,000 to the Foundation for a term of four (4) years with effect from the Effective Date (unless extended by mutual agreement of the parties) in accordance with the terms and conditions therein contained. The Foundation is a company limited by guarantee incorporated under the Companies Act 1965 and deemed incorporated under the Companies Act 2016.

All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the five (5) key areas of Education, Community & Health, Environment, Sports and Arts & Culture (Foundation’s Pillars) to further the charitable intent established by the governing council of the Foundation (“**Governing Council**”) (Agreed Purpose).

In accordance with the terms of Donation Agreement, Sime Darby Property is a group (corporate) member of the Foundation and is entitled to nominate and appoint one (1) representative to attend all general meetings of the

Foundation and to nominate one (1) representative as a director to sit on the Governing Council, which will enable it to monitor and ensure that the monies donated are utilised by the Foundation solely for the Agreed Purpose. The other (corporate) members of the Foundation are Sime Darby Berhad and Sime Darby Plantation Berhad.

The annual cash donation is to be paid by Sime Darby Property to the Foundation in two (2) tranches, i.e., on or before 7 March and 7 September. If Sime Darby Property fails to make the annual cash donation to the Foundation in accordance with the Donation Agreement, the Governing Council will convene a meeting to deliberate and decide on the actions to be taken, including any modification to the amount or timing of the donation, suspension of the donation by Sime Darby Property or termination of the Donation Agreement. The decision of the Governing Council will be final and binding.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property.

4. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Group involving interests of Directors and Major Shareholders during the financial year ended 31 December 2023.

5. RECURRENT RELATED PARTY TRANSACTIONS

The Group has established appropriate procedures to ensure that all Related Party Transactions (“**RPTs**”) and recurrent RPTs are tracked and recorded in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report on RPTs and recurrent RPTs is submitted to the Audit Committee on a quarterly basis for monitoring purposes.

The significant related party transactions pursuant to MFRS 124 are disclosed under Notes to the Financial Statements 2023.

The Company did not seek the approval of its shareholders on any mandate for its recurrent RPTs during the financial year ended 31 December 2023.

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Statement of Responsibility by the Board of Directors

In Respect of the Audited Financial Statement for the Financial Year Ended 31 December 2023

The Directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Sime Darby Property Berhad Group. As required by the Companies Act, 2016 (the Act) in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 December 2023, as presented on pages 276 to 383, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have used the appropriate accounting policies, which are consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company and to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Directors' Report

For the financial year ended 31 December 2023

The Directors are pleased to present their Report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management, and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 44 to the financial statements.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

The results of the Group and the Company for the financial year ended 31 December 2023 are as follows:

	Group RM thousand	Company RM thousand
Profit before taxation	610,306	252,553
Taxation	(192,776)	(15,056)
Profit for the financial year	417,530	237,497
Profit for the financial year attributable to:		
– owners of the Company	407,914	237,497
– non-controlling interests	9,616	–
Profit for the financial year	417,530	237,497

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid the following dividends:

	RM thousand
In respect of the financial year ended 31 December 2022, second single tier dividend of 1.0 sen per ordinary share which was paid on 28 March 2023	68,008
In respect of the financial year ended 31 December 2023, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2023	68,008
	136,016

The Board of Directors had on 23 February 2024, declared a 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. The second single tier dividend is payable on 8 May 2024 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 April 2024.

Directors' Report

For the financial year ended 31 December 2023

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURES

The Company issued RM600.0 million in nominal value Islamic Medium Term Notes ("IMTN") under its existing RM4,500.0 million IMTN (Sukuk Musharakah) Programme on 21 August 2023. The terms of the issuance are disclosed in Note 34(d) to the financial statements. The proceeds from issuance of the Sukuk Musharakah were largely used to part fund the Group's land acquisitions.

There were no other issuances of shares and debentures during the financial year.

DIRECTORS

The Directors who have held office since the end of the previous financial year are as follows:

Dato' Rizal Rickman Ramli (Chairman)	
Dato' Azmir Merican Azmi Merican (Group Managing Director)	
Dato' Soam Heng Choon	
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	
Tan Sri Jaganath Derek Steven Sabapathy	
Dato' Seri Ahmad Johan Mohammad Raslan	
Datin Norazah Mohamed Razali	
Mohamed Ridza Mohamed Abdulla	
Dato' Hamidah Naziadin	
Dr. Lisa Lim Poh Lin	
Nur Farahbi Shaari	(Appointed on 1 September 2023)
Khalid Mohammed Noor (Alternate Director to Nur Farahbi Shaari)	(Appointed on 1 September 2023)

By way of relief order dated 30 January 2024, granted by the Companies Commission of Malaysia, the names of directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this Report. Their names are set out in the respective subsidiaries directors' report for the financial year ended 31 December 2023 and the said information is deemed incorporated herein by such reference and shall form part hereof.

DIRECTORS' REMUNERATION AND BENEFITS

Details of Directors' remuneration are as follows:

	Group/Company RM thousand
Fees	3,671
Salaries, allowances and bonus	5,193
Defined contribution plan	753
Long-term employee benefits	2,113
	11,730

Estimated monetary value of benefits received by the Directors from the Company amounted to RM213,500. The Directors did not receive any benefits from the subsidiaries. Details of the Directors' remuneration and benefits is disclosed in Note 10 to the financial statements.

Directors' Report

For the financial year ended 31 December 2023

DIRECTORS' REMUNERATION AND BENEFITS (CONTINUED)

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 40 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium incurred during the financial year amounted to RM158,958.

DIRECTORS' INTEREST IN SHARES

According to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in, or debentures of, the Company during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- a. Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps:
 - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
 - ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which the current assets might be expected so to realise.
- b. At the date of this Report, the Directors are not aware of any circumstances:
 - i. which would render the amounts written off for bad debts or the amounts of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- c. As at the date of this Report:
 - i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
 - ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

Directors' Report

For the financial year ended 31 December 2023

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.
- e. In the opinion of the Directors:
 - i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - ii. except as disclosed in financial statements, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

AUDITORS

The auditors' remuneration of the Group and the Company for the financial year ended 31 December 2023 amounted to RM2.8 million and RM0.6 million respectively.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146) have expressed their willingness to accept re-appointment as auditors.

This Report was approved by the Board of Directors on 26 March 2024.

DATO' RIZAL RICKMAN RAMLI

Chairman

Petaling Jaya
26 March 2024

DATO' AZMIR MERICAN AZMI MERICAN

Group Managing Director

Statement by Directors

Section 251(2) of the Companies Act 2016

We, Dato' Rizal Rickman Ramli and Dato' Azmir Merican Azmi Merican, being two of the Directors of Sime Darby Property Berhad, hereby state that, in the opinion of the Directors, the financial statements set out on pages 276 to 383 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the financial performance of the Group and the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 26 March 2024.

DATO' RIZAL RICKMAN RAMLI

Chairman

Petaling Jaya

DATO' AZMIR MERICAN AZMI MERICAN

Group Managing Director

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Betty Lau Sui Hing, the Officer primarily responsible for the financial management of Sime Darby Property Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 276 to 383 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

BETTY LAU SUI HING

(MIA No. 8511)

Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Betty Lau Sui Hing, at Petaling Jaya in the state of Selangor Darul Ehsan on 26 March 2024.

Before me:

COMMISSIONER FOR OATHS



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sime Darby Property Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 276 to 383.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Revenue and cost recognition – property development activities</p> <p>The Group and the Company recognise revenue and costs relating to the property development activities using the stage of completion method.</p> <p>The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants.</p> <p>The Group and the Company recognised revenue of RM2,974.8 million and RM219.7 million respectively and costs of RM2,066.9 million and RM137.5 million respectively from property development activities recognised over time for the financial year ended 31 December 2023.</p> <p>Revenue and cost recognised on property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following:</p> <ul style="list-style-type: none"> • Stage of completion; • Extent of property development costs incurred to date; • Estimated total property development costs; • Estimation of provision due to liquidated ascertained damages as a reduction of revenue; and • Estimation of common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects. <p>Refer to Notes 4(a), 6 and 7 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets, including the total estimated property development cost and the control over the extent of costs incurred for work done to-date. • We checked the stage of completion of property development projects, on a sample basis, to certifications from professional consultants (i.e. internal or external quantity surveyors). • We agreed, on a sample basis, costs incurred to supporting documentation such as contractor claim certificates and invoices from vendors. • We checked the reasonableness of the estimated total property development costs of major projects, allocation of common costs and subsequent changes to the costs by checking to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, and variation orders with contractors. • We tested on a sample basis, actual sales of development properties to signed sales and purchase agreements. • In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as project progress report, extension of time approvals, legal opinion, correspondence with the relevant parties, where applicable. • On a test basis, we checked the mathematical accuracy of the percentage of completion and tested that the percentage of revenue and costs recognised in the statements of comprehensive income is mathematically accurate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. <p>Based on the above procedures performed, we noted no material exceptions.</p>



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Fair value of Investment Properties</p> <p>Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.</p> <p>As at 31 December 2023, the Group's investment properties, which are carried at fair value, amounted to RM1,136.1 million. The valuation of the Group's investment properties were performed by independent external valuers. The valuers have considered factors related to the investment properties' overall condition and demand as a whole in arriving at the fair values.</p> <p>We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodology and the underlying assumptions to be applied, which include amongst others, estimated rental revenues, yield rates, reversion rates and void rates which are based on current and future market or economic conditions.</p> <p>Refer to Notes 4(c) and 20 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We read the valuation reports issued by independent external valuers from management. Based on these reports, we discussed and assessed the appropriateness of the valuation methodology and assumptions used in the valuation by the independent external valuers. • We assessed the independent external valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards. • We carried out the following procedures to assess the inputs underpinning the valuation of the investment properties: <ul style="list-style-type: none"> – Tested the accuracy of rental rates, rental periods, net lettable area and outgoing expenses to the underlying tenancy agreements where applicable, and held discussions with valuers to understand the factors they have considered in adjusting the inputs, including any market factors; – Benchmarked the term yield, reversion yield and allowance for void used by the valuers to comparable properties; – Discussed with valuers to understand the basis of adjustments made to transacted price per square foot of comparable peers by considering factors related to the characteristics of each individual property, such as location, accessibility to the location, size, tenure and comparable transaction dates; and – Challenged the valuers on certain key inputs and estimates used in consideration of the current market conditions. • For investment properties under construction, we assessed management's justification to support the basis that the properties cannot be measured reliably. • We assessed the adequacy of the disclosure and sensitivity analysis prepared by management on the key parameters underpinning the valuation, where applicable. <p>Based on the above procedures performed, we did not identify any material exceptions.</p>



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Recoverability of properties under development and completed properties held for sale</p> <p>The Group and the Company have RM6,250.6 million and RM1,259.4 million of properties under development respectively, as well as RM243.4 million and RM6.0 million of completed properties held for sale respectively as at the reporting date.</p> <p>The carrying amounts of the properties under development and completed properties held for sale have been classified as inventories in the financial statements of the Group and of the Company.</p> <p>The recoverability of properties under development and completed properties held for sale are assessed based on estimation of the net realisable value ("NRV") of the underlying properties. This involves considerable analyses of estimated costs to completion, committed contracts and expected future selling price based on prevailing market conditions such as current market prices of comparable standards and locations.</p> <p>We focused on the recoverability of the carrying amount of inventories because of the estimates made by management in determining the net realisable values of inventories. Based on management's assessment, the Group and the Company recognised a write-down of RM8.8 million and RM Nil respectively; and a write-off of RM10.5 million and RM Nil million respectively in respect of inventories during the financial year.</p> <p>Refer to Notes 4(b), 7 and 21 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We discussed with management on the basis used to write-down inventories at period end to its NRV. • For properties under development, we tested the operating effectiveness of the key control in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date. • Based on the approved project cost budgets, on a sample basis, we assessed the profitability of the projects for indication of NRV. • For those unsold completed development units which have recent sale transactions, we compared the carrying amount of these completed development units, on a sample basis, to the selling prices stated in the signed sale and purchase agreements, net of discounts given and an estimated cost to sell. • For those unsold completed development units which did not have recent sale transactions, on a sample basis, we obtained the recently transacted prices of comparable development units in similar or nearby locations, and taking into consideration of the estimated cost necessary to complete the sales. <p>Based on the above procedures performed, we did not identify any material exceptions.</p>



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessments of non-financial assets with impairment indicators</p> <p>Management performed impairment assessments of the non-financial assets of the Group and of the Company, which had impairment indicators.</p> <p>Management prepared projected cash flows for impairment assessment of the non-financial assets of the Group and of the Company. As a result, an impairment loss on property, plant and equipment of RM0.5 million and net impairment loss on investment in subsidiaries of RM93.8 million were recorded in the financial statements of the Group and Company respectively for the financial year ended 31 December 2023.</p> <p>We focused on this area as the recoverable amounts of the non-financial assets are determined based on assessment of projected cash flow, in which the computation of the recoverable amount involves significant judgements and estimates.</p> <p>Refer to Notes 4(d), 13, 19 and 22 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • In determining the recoverable amounts of the non-financial assets, we have considered the following: <ul style="list-style-type: none"> - The cash flows available for distribution to the Group and the Company; and - The reliability and reasonableness of management's cash flows projections against the approved project's profitability; and - Latest available external valuation and benchmarked comparable market price of the surrounding areas; and confirmation from external valuer of the relevance of external valuation performed in the past. • Evaluated the input used in management's cash flows projections including timing of the completion of respective project phases and discount rate adopted. • Assessed the adequacy and reasonableness of the disclosures in the financial statements. <p>Based on the above procedures performed, we did not identify any material exceptions.</p>

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Statement on Risk Management and Internal Control, Risk Management Committee Report, Directors' Report, Corporate Governance Overview Statement and Management Discussion and Analysis, which we obtained prior to the date of this auditors' report, and Audit Committee Report, Sustainability Report, Chairman's Message and other sections of the 2023 Integrated Report, which are expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 44 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MAHESH A/L RAMESH
03428/04/2025 J
Chartered Accountant

Kuala Lumpur
26 March 2024

Statements of Profit or Loss

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2023	2022 Restated	2023	2022
Revenue	6	3,436,947	2,742,136	781,371	642,672
Cost of sales	7	(2,427,994)	(1,915,563)	(138,524)	(123,053)
Gross profit		1,008,953	826,573	642,847	519,619
Other operating (expenses)/income	8	(9,806)	(29,233)	2,625	2,349
Marketing and selling expenses	9	(149,857)	(118,065)	(19,561)	(17,035)
Administrative and other expenses	9	(242,866)	(243,036)	(250,057)	(287,752)
Operating profit		606,424	436,239	375,854	217,181
Share of results of joint ventures	11	(58,051)	(27,756)	-	-
Share of results of associates	12	5,309	1,661	-	-
Other gains/(losses)	13	16,630	40,093	(122,672)	41,646
Profit before interest and taxation		570,312	450,237	253,182	258,827
Finance income	14	113,663	105,996	64,036	58,688
Finance costs	15	(73,669)	(97,373)	(64,665)	(54,809)
Profit before taxation		610,306	458,860	252,553	262,706
Taxation	16	(192,776)	(147,162)	(15,056)	(1,384)
Profit for the financial year		417,530	311,698	237,497	261,322
Profit for the financial year attributable to:					
- owners of the Company		407,914	315,839	237,497	261,322
- non-controlling interests		9,616	(4,141)	-	-
		417,530	311,698	237,497	261,322
Basic and diluted earnings per share attributable to owners of the Company (Sen)	17	6.0	4.6		

Statements of Comprehensive Income

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2023	2022 Restated	2023	2022
Profit for the financial year		417,530	311,698	237,497	261,322
Other comprehensive income/(loss)					
<u>Items which will subsequently be reclassified to profit or loss (net of tax):</u>					
Currency translation differences		250,820	(141,567)	-	-
<u>Reclassified to profit or loss</u>					
Currency translation differences on repayment of net investments		(839)	777	-	-
Currency translation differences on disposal of a subsidiary		-	(1,654)	-	-
		(839)	(877)	-	-
<u>Items which will not subsequently be reclassified to profit or loss (net of tax):</u>					
Share of other comprehensive (loss)/income of an associate	12	(2,031)	979	-	-
Net changes in the fair value of investment at fair value through other comprehensive income ("FVOCI")	23	(4,192)	1,279	(5,501)	(4,785)
		(6,223)	2,258	(5,501)	(4,785)
Other comprehensive income/(loss) for the financial year		243,758	(140,186)	(5,501)	(4,785)
Total comprehensive income for the financial year		661,288	171,512	231,996	256,537
Total comprehensive income for the financial year attributable to:					
- owners of the Company		651,802	175,334	231,996	256,537
- non-controlling interests		9,486	(3,822)	-	-
		661,288	171,512	231,996	256,537

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group	
		2023	2022
NON-CURRENT ASSETS			
Property, plant and equipment	19	593,345	586,343
Investment properties	20	1,201,105	1,085,200
Inventories	21	4,450,388	4,016,559
Joint ventures	11	3,135,789	2,885,238
Associates	12	136,322	148,557
Investments	23	43,132	48,633
Intangible assets	24	6,168	6,577
Deferred tax assets	25	549,156	601,790
Receivables	26	99,342	102,718
Contract assets	27	1,110,987	1,199,242
		11,325,734	10,680,857
CURRENT ASSETS			
Inventories	21	2,044,587	1,527,278
Receivables	26	689,748	862,615
Contract assets	27	1,138,868	1,154,273
Prepayments		10,232	12,002
Tax recoverable		48,144	40,367
Cash held under Housing Development Accounts	28	325,946	386,092
Bank balances, deposits and cash	29	276,635	599,225
		4,534,160	4,581,852
Assets held for sale	30	68,850	-
TOTAL ASSETS		15,928,744	15,262,709

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group	
		2023	2022
EQUITY			
Share capital	31	6,800,839	6,800,839
Fair value reserve		20,380	33,976
Exchange reserve		212,393	(37,718)
Retained profits		3,023,484	2,722,621
ATTRIBUTABLE TO OWNERS OF THE COMPANY		10,057,096	9,519,718
Non-controlling interests	32	226,416	125,078
TOTAL EQUITY		10,283,512	9,644,796
NON-CURRENT LIABILITIES			
Payables	33	68,037	72,134
Borrowings	34	2,480,664	2,283,984
Lease liabilities	35	23,976	24,149
Provisions	36	171,115	152,565
Contract liabilities	27	262,591	253,164
Deferred tax liabilities	25	306,353	316,650
		3,312,736	3,102,646
CURRENT LIABILITIES			
Payables	33	1,542,493	1,296,619
Borrowings	34	413,358	753,861
Lease liabilities	35	21,458	21,447
Provisions	36	67,911	82,530
Contract liabilities	27	235,674	332,895
Tax provision		51,602	27,915
		2,332,496	2,515,267
TOTAL LIABILITIES		5,645,232	5,617,913
TOTAL EQUITY AND LIABILITIES		15,928,744	15,262,709

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Company	
		2023	2022
NON-CURRENT ASSETS			
Property, plant and equipment	19	53,292	16,799
Subsidiaries	22	8,354,814	8,040,202
Inventories	21	1,144,629	1,076,741
Associates	12	37,185	49,152
Investments	23	43,132	48,633
Intangible assets	24	5,130	5,057
Deferred tax assets	25	39,158	35,498
Receivables	26	1,797,550	1,343,107
		11,474,890	10,615,189
CURRENT ASSETS			
Inventories	21	120,764	107,502
Receivables	26	271,927	322,685
Contract assets	27	39,096	19,027
Prepayments		1,319	349
Cash held under Housing Development Accounts	28	3,133	20,878
Bank balances, deposits and cash	29	57,508	143,369
		493,747	613,810
TOTAL ASSETS		11,968,637	11,228,999

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Company	
		2023	2022
EQUITY			
Share capital	31	6,800,839	6,800,839
Fair value reserve		7,632	13,133
Retained profits		2,605,335	2,503,854
ATTRIBUTABLE TO OWNERS OF THE COMPANY/TOTAL EQUITY		9,413,806	9,317,826
NON-CURRENT LIABILITIES			
Borrowings	34	1,630,078	1,097,286
Lease liabilities	35	36,409	107
Provisions	36	14,404	4,025
		1,680,891	1,101,418
CURRENT LIABILITIES			
Payables	33	589,248	329,124
Borrowings	34	215,316	373,627
Lease liabilities	35	6,609	7,904
Provisions	36	7,086	9,551
Contract liabilities	27	47,129	88,328
Tax payable		8,552	1,221
		873,940	809,755
TOTAL LIABILITIES		2,554,831	1,911,173
TOTAL EQUITY AND LIABILITIES		11,968,637	11,228,999

Statements of Changes in Equity

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

Group	Note	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
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 financial year		-	-	-	407,914	407,914	9,616	417,530
Other comprehensive (loss)/income for the year		-	(6,223)	250,111	-	243,888	(130)	243,758
Total other comprehensive (loss)/income for the financial year		-	(6,223)	250,111	407,914	651,802	9,486	661,288
Transfer upon liquidation and de-recognition of an investment carried at fair value through other comprehensive income ("FVOCI")		-	(7,373)	-	7,373	-	-	-
Transactions with owners:								
- dividends paid	18	-	-	-	(136,016)	(136,016)	(5,368)	(141,384)
- acquisition of non-controlling interests	37	-	-	-	21,592	21,592	97,220	118,812
At 31 December 2023		6,800,839	20,380	212,393	3,023,484	10,057,096	226,416	10,283,512
2022								
At 1 January 2022		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968
Profit for the financial year		-	-	-	315,839	315,839	(4,141)	311,698
Other comprehensive income/(loss) for the year		-	2,258	(142,763)	-	(140,505)	319	(140,186)
Total other comprehensive income/(loss) for the financial year		-	2,258	(142,763)	315,839	175,334	(3,822)	171,512
Transactions with owners:								
- dividends paid	18	-	-	-	(68,008)	(68,008)	(10,772)	(78,780)
- disposal of a subsidiary		-	-	-	-	-	(1,904)	(1,904)
At 31 December 2022		6,800,839	33,976	(37,718)	2,722,621	9,519,718	125,078	9,644,796

Statements of Changes in Equity

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

Company	Note	Share capital	Fair value reserve	Retained profits	Total equity
2023					
At 1 January 2023		6,800,839	13,133	2,503,854	9,317,826
Profit for the financial year		-	-	237,497	237,497
Other comprehensive loss for the financial year		-	(5,501)	-	(5,501)
Total comprehensive (loss)/income for the financial year		-	(5,501)	237,497	231,996
Transactions with owners:					
- dividend paid	18	-	-	(136,016)	(136,016)
At 31 December 2023		6,800,839	7,632	2,605,335	9,413,806
2022					
At 1 January 2022		6,800,839	17,918	2,310,540	9,129,297
Profit for the financial year		-	-	261,322	261,322
Other comprehensive loss for the financial year		-	(4,785)	-	(4,785)
Total comprehensive (loss)/income for the financial year		-	(4,785)	261,322	256,537
Transactions with owners:					
- dividend paid	18	-	-	(68,008)	(68,008)
At 31 December 2022		6,800,839	13,133	2,503,854	9,317,826

Statements of Cash Flows

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

Note	Group		Company	
	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	417,530	311,698	237,497	261,322
Adjustments for:				
Share of results of:				
– joint ventures	58,051	27,756	–	–
– associates	(5,309)	(1,661)	–	–
Amortisation of intangible assets	2,134	2,420	1,404	1,723
Depreciation of property, plant and equipment	29,596	29,587	10,774	9,310
Write-down of inventories	8,756	6,270	–	–
Write-off of inventories	10,451	3,125	–	–
Gain on disposal of:				
– subsidiaries	–	(53,020)	–	–
– property, plant and equipment	(49)	(2)	(2)	(3)
– investment properties	12	–	–	–
Net changes in fair value on investment properties	33,576	51,601	–	–
Net impairment losses on trade and other receivables	(3,065)	2,764	3,429	83,939
Loss on lease modification	–	12,788	–	–
Provisions	374	11,023	7,914	9,551
Finance income	(113,663)	(105,996)	(64,036)	(58,688)
Finance costs	73,669	97,373	64,665	54,809
Taxation	192,776	147,162	15,056	1,384
Foreign currency exchange (gain)/loss	(8,937)	138	30,954	(42,515)
Other items [note (a)]	879	(426)	(254,796)	(296,326)
	696,781	542,600	52,859	24,506
Changes in working capital:				
– inventories:				
– changes attributable to land acquisition	(692,402)	–	–	–
– others	(389,762)	34,722	(81,150)	(22,315)
– receivables and prepayments	66,388	177,837	6,715	72,435
– contract assets and contract liabilities	99,298	76,460	(61,268)	15,110
– payables and provisions	281,077	338,862	31,923	24,503
	61,380	1,170,481	(50,921)	114,239
Tax paid	(136,495)	(155,026)	(11,385)	(4,224)
Net cash (used in)/from operating activities	(75,115)	1,015,455	(62,306)	110,015

Statements of Cash Flows

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES					
Finance income received		25,529	14,869	64,036	58,688
Proceeds from sale of:					
– property, plant and equipment		59	5,034	2	3
– investment properties		2,888	-	-	-
Purchase of:					
– property, plant and equipment		(34,926)	(11,280)	(4,356)	(5,509)
– investment properties		(170,748)	(15,951)	-	-
– intangible assets		(2,706)	(1,739)	(2,458)	(1,056)
Repayment from/(Advances to):					
– subsidiaries		-	-	(49,172)	205,420
– an associate		12,857	(1,304)	12,857	(1,304)
Subscription of shares in subsidiaries		-	-	(439,939)	(217,789)
Net cash inflow from disposal of subsidiaries		-	8,451	-	-
Subscription of additional interest in joint ventures		(72,051)	(330,618)	-	-
Capital repayment from:					
– subsidiaries		-	-	-	92,685
– a joint venture		163,986	366,480	-	-
– an investment		1,309	6,064	-	-
Dividends received from investments, subsidiaries, joint ventures and associates		2,800	7,260	13,682	251,785
Net cash (used in)/from investing activities		(71,003)	47,266	(405,348)	382,923
CASH FLOW FROM FINANCING ACTIVITIES					
Finance costs paid		(124,380)	(128,880)	(55,188)	(54,909)
Borrowings raised	34	741,403	12,266	599,593	-
Repayments of borrowings	34	(80,245)	(385,419)	(67,000)	(67,000)
Revolving credits:					
– raised	34	408,000	215,469	402,000	215,469
– repaid	34	(1,016,850)	(599,623)	(600,543)	(571,623)
Repayments of lease liabilities	35	(3,474)	(22,299)	(7,904)	(7,663)
Net advances from subsidiaries	33	-	-	229,106	121,180
Acquisition of non-controlling interests	37	(31,570)	-	-	-
Dividends paid on ordinary shares		(136,016)	(68,008)	(136,016)	(68,008)
Dividends paid to non-controlling interests		(5,368)	(10,772)	-	-
Net cash (used in)/from financing activities		(248,500)	(987,266)	364,048	(432,554)

Statements of Cash Flows

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
Net (decrease)/increase in cash and cash equivalents		(394,618)	75,455	(103,606)	60,384
Foreign exchange differences		11,882	198	-	-
Cash and cash equivalents at the beginning of the financial year		985,317	909,664	164,247	103,863
Cash and cash equivalents at the end of the financial year [note (b)]		602,581	985,317	60,641	164,247
a. Other items:					
Dividend income		-	(430)	(346,807)	(299,665)
Net impairment losses on:					
- property, plant and equipment		529	3	-	-
- investment in subsidiaries		-	-	93,757	3,317
- investment in associates		-	-	(1,746)	-
Write-off of property, plant and equipment		350	1	-	-
Loss from liquidation of subsidiaries		-	-	-	22
		879	(426)	(254,796)	(296,326)
b. Cash and cash equivalents at the end of the financial year:					
Cash held under Housing Development Accounts	28	325,946	386,092	3,133	20,878
Bank balances, deposits and cash	29	276,635	599,225	57,508	143,369
		602,581	985,317	60,641	164,247

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

1 GENERAL INFORMATION

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 44.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

2 BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared in accordance with the requirements of the Companies Act 2016 in Malaysia and comply with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the material accounting policy information in Note 3. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

a. Accounting pronouncements that are adopted during the financial year

i. Amendments that are effective and adopted during the financial year:

- MFRS 17 – Insurance Contracts, and its amendments
- Amendments to MFRS 101 and MFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to MFRS 108 – Definition of Accounting Estimates
- Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 – International Tax Reform Pillar Two Model Rules

The adoption of the above did not result in any significant changes to the Group's results and financial position except for MFRS 17 as disclosed in Note 11(a) to the Financial Statements.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

2 BASIS OF PREPARATION (CONTINUED)

b. Accounting pronouncements that are not yet effective and have not been early adopted

- i. New amendments that are effective on or after 1 January 2024:

Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current and Non-Current
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The Group and the Company are currently assessing the financial impact for the above amendments.

- ii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

3 MATERIAL ACCOUNTING POLICY INFORMATION

These material accounting policy information have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial year presented, unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

- i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a. Basis of consolidation (continued)

i. Subsidiaries (continued)

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of its net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

ii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of the joint venture reaches zero, or reaches the limit of the obligations in the case where the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures, and among the joint ventures, are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment loss on the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal. Shareholder's advances to joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investments in the joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a. Basis of consolidation (continued)

iii. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investment in associates are accounted for using the equity method, similar to Note 3(a)(ii) above.

b. Foreign currencies

i. Presentation and functional currency

Ringgit Malaysia is the presentation currency of the Group and the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal (via capital repayment or disposal of shares) without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it has indefinite life. Assets in the course of construction are shown as work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to Write-down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 35 to 99 years
Buildings	2% to 5%, or over the lease term if shorter
Plant and machinery	20% to 33.3%
Renovation, fixtures, equipment and vehicles	20% to 33.3%

d. Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is carried at fair value. Changes in fair values are recognised in profit or loss for the period in which it rises. Gains/(losses) are presented as part of the results of operating activities of the Group. Fair value is derived from analysis of market evidence, such as, active market prices, market net income and yield, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by external, independent and qualified valuers.

The Group accounts for the land and building as a single unit of account for investment properties. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable MFRS. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e. Right-of-use ("ROU") assets

The right to use an underlying asset for the lease term is recognised as a ROU asset.

The cost of ROU includes an amount equal to the lease liability at the inception of the lease, lease payments made at or before commencement date less lease incentives received, initial direct costs incurred and an estimate of costs to restore, dismantle and remove the underlying asset or to restore the site on which it is located.

ROUs that are not investment properties are presented under property, plant and equipment and are stated at cost less accumulated amortisation and accumulated impairment losses. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group (refer to Note 3(d)).

The upfront payment represent prepaid lease payments for lease of land and building is amortised on the straight-line basis over the lease period.

f. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates and loans, which are treated as part of the Company's net investment in the investee, are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

g. Inventories

i. Land held for property development

Land held for property development where development activities are not expected to be completed within the normal operating cycle, is classified as non-current and carried at the lower of cost and net realisable value.

The cost includes cost of land and development costs common to the whole project.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

ii. Property development costs

Property development costs are stated at the lower of cost and net realisable value. The cost includes cost of land, related development costs common to whole project and direct building costs less cumulative amounts recognised as cost of sales in the profit or loss.

Property development cost of unsold unit is transferred to completed development unit once the property is completed.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g. Inventories (continued)

iii. Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value.

iv. Finished goods, raw materials and consumable stores

Finished goods, raw materials and consumable stores are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

h. Financial assets

The Group's and the Company's financial assets are classified into three categories: (i) amortised cost, (ii) fair value through profit or loss ("FVTPL") and (iii) fair value through other comprehensive income ("FVOCI"). Investments in quoted equity instruments are measured at FVTPL whilst investments on unquoted equity instruments are measured at FVOCI. All other financial assets are measured at amortised cost.

i. Amortised cost

Receivables, amounts due from subsidiaries, cash held under Housing Development Accounts and bank balances, deposits and cash are held for collection of contractual cash flows. Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value at inception plus transaction cost and thereafter at amortised cost less accumulated impairment losses.

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

ii. Fair value through profit or loss ("FVTPL") and Fair value through other comprehensive income ("FVOCI")

Investments in quoted equity instruments are measured at FVTPL. The investments are recorded initially at fair value plus transaction cost and thereafter, they are measured at fair value. Changes in the fair value and dividend income from the investment are recognised in profit or loss.

At initial recognition, the Group and the Company elected to designate the investments in unquoted equity instruments as financial assets measured at FVOCI. The investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Changes in fair value of the investments are recognised in other comprehensive income, whilst dividend income are recognised in profit or loss. On derecognition of the investment measured at FVOCI, the fair value reserve is transferred to retained profits.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. Assets held for sale

Assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

j. Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and concession arrangement, contract asset is the excess of cumulative revenue earned over the billings to date, for which the billings to-date are based on progress milestone set out in the contract or agreement with the customers. Contract asset is stated at cost less accumulated impairment losses.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

k. Impairment

Non-financial assets and interest in subsidiaries, joint ventures and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets and contract assets, impairment loss is recognised based on expected credit losses.

The recognition and measurement of impairment losses are as follows:

i. Non-financial assets, interest in subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount and is charged to the profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets that were previously impaired are reviewed for possible reversal of the impairment losses at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss.

ii. Financial assets and contract assets

An impairment loss is recognised based on expected credit losses and is charged to profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment loss not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses ("Lifetime ECL"). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12-month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

I. Share capital

Proceeds from shares issued are accounted for in equity. Cost directly attributable to the issuance of new equity shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statements of changes in equity in the financial year in which they are paid or declared.

m. Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provisions due to the passage of time is recognised as finance costs.

The Group and the Company recognise provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

n. Employee costs

i. Short-term employee benefits

Wages, salaries and paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

ii. Defined contribution plans

A defined contribution pension plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the financial year in which they relate.

iii. Other long-term benefits

The Group operates a Long-term Incentive Plan ("LTIP"), which is awarded to employees who hold senior management positions and key roles within the Group, and who have fulfilled the eligibility criteria and have been approved for participation by the Nomination and Remuneration Committee. The LTIP aims to incentivise and retain key employees whom will have direct impact in driving and delivering the Group's FY2023 to FY2025 transformation plan.

The LTIP is payable in cash in 3 tranches between FY2025 and FY2026. The expenses related to LTIP are charged to the profit or loss as employee costs under the category of "long-term employee benefit" over the period in which the performance criteria and services are fulfilled, with a corresponding liability in "provisions". The payout are estimated by reference to the total amount granted and the expected Group's achievement on the relevant key performance indicators ("KPI"). At each reporting date, the Group and the Company review its estimates and assumptions on the likelihood of achieving the relevant KPIs which, in turn, determines the amount of payout under the LTIP. The impact of revision of original estimates, if any, are charged to profit or loss with a corresponding adjustment to provisions.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

o. Financial liabilities

The Group's and the Company's borrowings and payables are classified as financial liabilities measured at amortised cost. They are measured initially at fair value net of transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

p. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks and cash held under Housing Development Accounts.

q. Revenue recognition

i. Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement, net of expected liquidated ascertained damages ("LAD") payment.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

The subject properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements. The purchasers could enforce its rights to the subject properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the subject property for another use is substantive and the subject properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to-date, are entitled to continue to transfer the subject properties to the customer, and have the rights to complete the construction of the properties and enforce its rights to full payment.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

q. Revenue recognition (continued)

i. Revenue from property development (continued)

The Group and the Company recognise sales at a point in time for the sale of completed properties when the control of the properties has been transferred to the purchasers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

ii. Revenue from concession arrangement

Maintenance service charges and supply of chilled water are recognised over the period which services are rendered or supply is delivered.

iii. Revenue from leisure

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities, which are separate performance obligation. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.

Revenue from sale of food and beverages is recognised when consideration is received or receivable upon delivery of goods and services, net of discounts and indirect taxes.

iv. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent-related income is recognised in the accounting period in which the services have been rendered.

v. Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

vi. Dividend income

Dividend income is recognised when the right to receive payment is established.

vii. Management fees

Management fee is recognised over time during the period in which the services are rendered.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

r. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- i. expenditure for the asset is being incurred;
- ii. borrowing costs are being incurred; and
- iii. activities that are necessary to prepare the assets for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed. Properties under construction where control of these properties is transferred over time are excluded as qualifying assets for the purposes of borrowing cost capitalisation.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

s. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Group and for the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

t. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such balances and transactions are between Group companies within a single segment. Inter-segment pricing is based on similar terms as those available to external parties.

u. Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conforming to MFRS and IFRS require the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

a. Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

Where control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the project progress as the certification of the physical progress of each phase are based on methodologies employed by, and the expert judgement of, the professional consultants.

During the financial year ended 31 December 2023, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM2,974.8 million (2022: RM2,224.1 million) and RM219.7 million (2022: RM175.8 million) respectively and cost of RM2,066.9 million (2022: RM1,571.1 million) and RM137.5 million (2022: RM114.1 million) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

b. Write-down and write-off of inventories to net realisable value

The Group and the Company write-down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations net of the estimated cost necessary to complete the sale. For inventories of property development costs, the estimated cost necessary to complete the property have been considered. The Group considered the current economic outlook, future property market conditions and adjustment factors such as the size and demand (ceiling price) of the particular properties in determining its net realisable values.

The Group and the Company also write-off the development costs based on the latest pipeline launches, which depends on various factors, such as changes to development plans due to replanning, zoning issues with local authorities, etc and is therefore subject to significant inherent uncertainties.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates may differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

During the financial year ended 31 December 2023, the Group recognised a write-down of RM8.8 million and a write-off of RM10.5 million in respect of inventories during the financial year.

c. Fair value of investment properties

The valuations of the Group's investment properties were performed by independent external valuers. There are complexities in determining the fair value of the investment properties, which involve significant estimates and judgements in determining the appropriate valuation methodology and estimating the underlying assumptions to be applied. The list of significant unobservable inputs and its sensitivity analysis are disclosed in Note 20(c) to the financial statements.

The Directors are of the view that the fair value of certain investment properties under early stage of development are not reliably determinable as at the reporting date, given the various valuation adjustments to be made due to the early stages of construction which are highly judgemental and contingent upon various unknown factors. As these properties will take substantial time to complete, there are uncertainties attached to the reliability of the assumptions adopted for valuation, such as the gross rental rate, developer's profit margin, discount rate, void rate and market capitalisation rate.

d. Impairment assessment of non-financial assets – investments in subsidiaries and property, plant and equipment

The Group and/or the Company assesses whether there is any indication that the cost of investment in subsidiaries and property, plant and equipment are impaired at the end of each reporting date. Impairment loss is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset. Value-in-use of asset is estimated using discounted cash flow analysis, considering market value indicators, recent arms-length market transactions and benchmark against valuation done by valuer. These estimates provide reasonable approximations to the computation of recoverable amounts. For discounted cash flows, significant judgement is applied in determining the assumptions and discount rates used for the estimation of the present value of future cash flows generated by the assets. Changes in assumptions could affect the outcome of the Group's assessment for impairment of assets.

Following impairment assessments of the non-financial assets of the Group and of the Company during the financial year, an impairment loss on property, plant and equipment of RM0.5 million and net impairment loss on investment in subsidiaries of RM93.8 million were recorded in the financial statements of the Group and Company respectively for the financial year ended 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES

a. Financial risk management

The Group's and the Company's operations expose them to a variety of financial risks, including interest rate risk, credit risk, liquidity and cash flow risk and foreign currency exchange risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's and the Company's exposure to these financial risks are managed through risk reviews, internal control systems, insurance programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

i. Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. The Group and the Company manage their interest rate risk by maintaining a mix of fixed and floating rate borrowings.

The interest-bearing assets are primarily the amounts due from joint ventures, associates and subsidiaries and short-term bank deposits with financial institutions. All interest-bearing amounts due to the Group and the Company bear interest at floating rate except those under negotiated terms where fixed rates are used after taking into account the borrower's risk profile. The interest rates on short-term bank deposits are monitored closely to ensure that the deposits are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates to be low and the sensitivity is disclosed in Note 42(a).

ii. Credit risk

Financial assets that are primarily exposed to credit risk are receivables, contract assets and bank balances.

Credit risk arising from sales made on credit terms

The Group and the Company seek to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment, and where appropriate, guarantees or securities are obtained to limit credit risk.

Credit risk arising from property development

The Group and the Company do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers comprising substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end-financing facilities are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default. The Group and the Company do not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

Credit risk arising from concession arrangements

The Group has concentration of credit risk arising from the outstanding receivables and contract assets under concession arrangement which are primarily from the Government of Malaysia. The Group monitors the trade receivables and contract assets on an ongoing basis and no additional credit risk beyond the amounts allowed for collection losses is inherent in the trade receivables of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

ii. Credit risk (continued)

Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring their credit worthiness and credit period. In addition, the tenants have placed security deposits with the Group which act as collateral.

Credit risk arising from golfing and sporting activities

Concentration of credit risk with respect to amounts due from members is limited due to the large number of members, the security deposits paid by members and advance payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Credit risk arising from other receivables

The Group's and the Company's historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and in the Company's other receivables.

Credit risk arising from subsidiaries, joint ventures and associates

The amounts due from subsidiaries, joint ventures and associates are monitored closely by the Group and the Company. The Group and the Company are of the view that the carrying amounts as at the reporting date are recoverable.

The Group's and the Company's maximum credit risk exposure are disclosed in Note 42(c).

iii. Liquidity and cash flow risks

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

The Group and the Company perform quarterly twelve-months rolling cash flow projections to ensure that requirements are identified as early as possible so that the Group and the Company have sufficient cash to meet operational needs. Such projections take into consideration the Group's and the Company's financing plans and are also used for monitoring of covenant compliance.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

iii. Liquidity and cash flow risks (continued)

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 2023, the Group and the Company have unutilised Islamic Medium Term Notes of RM3,100.0 million (2022: RM3,700.0 million). The Group and the Company also have unutilised credit facilities of RM1,764.3 million (2022: RM1,679.1 million) and RM1,764.3 million (2022: RM1,675.1 million) respectively which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and the Company comprise the following:

	Group		Company	
	2023	2022	2023	2022
Cash held under Housing Development Accounts [Note 28]	325,946	386,092	3,133	20,878
Bank balances, deposits and cash [Note 29]	276,635	599,225	57,508	143,369
	602,581	985,317	60,641	164,247

The Group believes that its contractual obligations, including those shown in contingent liabilities, material litigation and capital commitments in Note 38 can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure should the need arises.

Further details on the undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the reporting date are disclosed in Note 42(b).

iv. Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group has significant exposure to foreign currency translation risk due to its 40% interest in Battersea Project Holding Company Limited group in the United Kingdom. The Group does not enter into hedges for its long-term investment in foreign operations. Instead, the Group funds its investments with borrowings denominated in the same currencies as a natural hedge, where applicable, to minimise adverse impact arising from fluctuation in foreign currency exchange rates.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

b. Capital management

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's and the Company's capital management objectives are to ensure its ability to continue as a going concern, provide a competitive cost of capital and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, which includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

i. Rating by External Rating Agency

Malaysian Rating Corporation Berhad has reaffirmed its AA⁺₁₅ rating with a stable outlook on the Company's Islamic Medium Term Notes (IMTN) Programme of RM4.5 billion.

ii. Gearing ratios

The Group and the Company use the gearing ratio to assess the appropriateness of their debt levels, hence determining their capital structure. The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements. The ratio is calculated as total debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Group		Company	
	2023	2022	2023	2022
Borrowings				
– principal	2,878,261	3,029,076	1,833,920	1,468,233
– interest	15,761	8,769	11,474	2,680
Total borrowings	2,894,022	3,037,845	1,845,394	1,470,913
Lease liabilities	45,434	45,596	43,018	8,011
Total debt	2,939,456	3,083,441	1,888,412	1,478,924
Total equity	10,283,512	9,644,796	9,413,806	9,317,826
Gearing ratio	28.6%	32.0%	20.1%	15.9%

Given the moderate gearing level, the Group and the Company still have the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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6 REVENUE

	Group		Company	
	2023	2022 Restated	2023	2022
Revenue from contracts with customers	3,366,988	2,663,767	430,920	337,911
Revenue from other sources:				
– rental income from investment properties and other assets	69,959	78,369	3,644	5,096
– dividend income from subsidiaries	-	-	345,007	298,308
– dividend income from associates	-	-	1,800	1,080
– dividend income from an investment	-	-	-	277
	3,436,947	2,742,136	781,371	642,672
Disaggregation of the revenue from contract with customers:				
Property development	3,218,967	2,530,031	219,697	193,079
Concession arrangement:				
– maintenance service charges	30,039	28,504	-	-
– supply of chilled water	6,995	6,969	-	-
– others	3,947	1,836	-	-
Parking fees, utilities and others	15,987	13,619	-	-
Leisure:				
– golf club activities	61,553	56,021	-	-
– food and beverages	27,660	22,600	-	-
– others	1,840	4,187	-	-
Management fee charged to subsidiaries	-	-	211,223	144,832
	3,366,988	2,663,767	430,920	337,911
Geographical markets				
Malaysia	3,366,988	2,663,767	430,678	337,686
United Kingdom	-	-	153	124
Singapore	-	-	89	101
	3,366,988	2,663,767	430,920	337,911
Timing of revenue recognition				
Over time	3,062,609	2,306,418	430,920	320,583
At a point in time	304,379	357,349	-	17,328
	3,366,988	2,663,767	430,920	337,911

Revenue from contracts with customers of the Group and of the Company include RM332.9 million (2022: RM230.8 million) and RM88.3 million (2022: RM92.8 million) respectively that were included in contract liabilities at the beginning of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

7 COST OF SALES

	Group		Company	
	2023	2022	2023	2022
Property development costs	2,066,946	1,571,078	137,548	114,143
Cost of completed development units sold	107,262	102,336	-	-
Write-down of inventories	8,756	6,270	-	-
Write-off of inventories	10,451	3,125	-	-
Other direct expenses	111,515	119,623	(593)	6,848
Cost under concession arrangement	23,611	21,462	-	-
Employee costs	91,408	83,984	1,551	2,045
Depreciation of property, plant and equipment	6,546	6,254	18	17
Amortisation of intangible assets	238	236	-	-
Rental of land and buildings	27	330	-	-
Hire of plant and machinery	1,234	865	-	-
	2,427,994	1,915,563	138,524	123,053

8 OTHER OPERATING (EXPENSES)/INCOME

	Group		Company	
	2023	2022 Restated	2023	2022
Net changes in fair value on investment properties	(33,576)	(51,601)	-	-
Forfeiture income	13,674	3,995	80	249
Interest from stakeholders, customers and others	2,674	9,609	44	622
Recoveries and claims	1,125	1,403	1,122	-
Rental income	1,182	1,481	491	608
Non-refundable tender deposits	1,061	942	76	70
Maintenance charges	1,328	462	55	114
Other miscellaneous income	2,726	4,476	757	686
	(9,806)	(29,233)	2,625	2,349

Notes to the Financial Statements

For the financial year ended 31 December 2023

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9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2023	2022	2023	2022
Selling and marketing expenses	149,857	118,065	19,561	17,035
Administrative and other expenses	242,866	243,036	250,057	287,752
	392,723	361,101	269,618	304,787
Selling, marketing, administrative and other expenses comprise the following:				
Depreciation, amortisation, impairment losses and write-off				
Depreciation of property, plant and equipment	23,050	23,333	10,756	9,293
Amortisation of intangible assets	1,896	2,184	1,404	1,723
Impairment losses on:				
– amount due from subsidiaries *	–	–	2,939	83,383
– receivables	3,364	4,591	490	556
Reversal of impairment losses on receivables	(6,429)	(1,827)	–	–
Write-off of property, plant and equipment	350	1	–	–
	22,231	28,282	15,589	94,955
Auditors' remuneration				
Fees for statutory audits				
– PricewaterhouseCoopers PLT, Malaysia	1,623	1,621	360	358
– PricewaterhouseCoopers International Limited	626	470	–	–
– other firm	150	144	–	–
Fees for other assurance-related services				
– PricewaterhouseCoopers PLT, Malaysia	357	354	270	269
	2,756	2,589	630	627
Fees for non-audit services				
– PricewaterhouseCoopers PLT, Malaysia	30	120	10	107
– PricewaterhouseCoopers International Limited	37	144	–	–
	2,823	2,853	640	734

* During the financial year, the Company recognised net impairment loss on amount due from subsidiaries of RM2.9 million. The net impairment loss on amount due from subsidiaries of RM2.9 million represents a net reversal of impairment loss on amount due from subsidiaries of RM28.6 million (Note 26) offset by an impairment loss on an investment in a subsidiary of RM31.6 million (Note 22).

Notes to the Financial Statements

For the financial year ended 31 December 2023

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9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
Selling, marketing, administrative and other expenses comprise the following: (continued)				
Employee and Directors costs				
Employee costs	176,336	152,405	189,095	154,892
Directors' fees and allowances	3,671	3,400	3,671	3,400
	180,007	155,805	192,766	158,292
Others				
Advertising and promotion	80,650	73,906	17,934	15,163
Sales commission	25,336	11,401	1,627	1,872
IT related expenses	16,987	16,281	16,225	15,543
Contribution to Yayasan Sime Darby	9,476	20,000	-	(3,300)
Rental of buildings	112	92	-	-
Hire of plant and machinery	777	752	363	418
Other operating expenses	54,324	51,729	24,474	21,110
	187,662	174,161	60,623	50,806
Total	392,723	361,101	269,618	304,787

Notes to the Financial Statements

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10 EMPLOYEE AND DIRECTORS COSTS

	Group		Company	
	2023	2022	2023	2022
Employee and Directors costs included in:				
– cost of sales	91,408	83,984	1,551	2,045
– selling, marketing, administrative and other expenses	180,007	155,805	192,766	158,292
	271,415	239,789	194,317	160,337
Staff:				
– salaries, allowances, overtime and bonus	194,843	177,187	134,958	117,880
– defined contribution plan	29,716	27,942	21,443	17,890
– long-term employee benefit	8,173	–	8,173	–
– training, insurance and other benefits	26,953	26,627	18,013	16,534
	259,685	231,756	182,587	152,304
Executive Directors:				
– salaries, allowances and bonus	5,193	3,994	5,193	3,994
– defined contribution plan	753	639	753	639
– long-term employee benefit	2,113	–	2,113	–
	8,059	4,633	8,059	4,633
Non-Executive Directors:				
– fees	3,671	3,400	3,671	3,400
Total	271,415	239,789	194,317	160,337

Non-Executive Directors fees include fees paid to Permodalan Nasional Berhad ("PNB") for the Chairman and a director of the Company, whom are nominee directors representing PNB.

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM17,030 (2022: RM23,058) and RM196,470 (2022: RM317,792) respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial year, a Director of the Company purchased a property amounting to RM0.5 million (2022: RM1.9 million).

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 31 December 2023 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

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11 JOINT VENTURES

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 44.

The Group's joint ventures are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the joint ventures that are material to the Group are as follows:

Name of joint ventures	Description
Battersea Project Holding Company Limited ("Battersea")	Battersea is a joint venture between Setia International Limited, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, which is a strategic investment for the Group to expand its footprint into a key international market for property development and investment.
Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("IDF" or "the Fund")	The IDF was formed, in partnership with LOGOS Property Group Limited ("LOGOS Property") as co-sponsor and investors in the Fund. The Fund is also anchored by Ombak Real Estate 2 Sdn Bhd ("OMBAK"), a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB"), and Kumpulan Wang Persaraan (Diperbadankan) ("KWAP"). The investment objective of the Fund is to make Shariah compliant investments, directly or indirectly, in real estate and real estate related assets for industrial and logistics purposes in Malaysia. The IDF will invest principally in the development of build-to-lease and/or build-to-sell industrial & logistics projects and real estate assets located primarily in Bandar Bukit Raja, Selangor, Malaysia.

The Group's investments in joint ventures are as follows:

Group	Material joint ventures	Others	Total
2023			
Share of results	(110,260)	(9,669)	(119,929)
Group adjustments	61,878	-	61,878
Share of results after unrealised profit	(48,382)	(9,669)	(58,051)
Unquoted shares, at costs	3,190,143	125,788	3,315,931
Group adjustments	(10,457)	-	(10,457)
Share of post-acquisition reserves	(283,979)	49,898	(234,081)
Shareholder's advances	-	64,396	64,396
Carrying amount as at 31 December 2023	2,895,707	240,082	3,135,789
Dividend income	-	1,000	1,000
Unrecognised share of loss:			
- At 1 January 2023	-	39,015	39,015
- Total for the financial year	-	5,543	5,543
- At 31 December 2023	-	44,558	44,558

Notes to the Financial Statements

For the financial year ended 31 December 2023

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11 JOINT VENTURES (CONTINUED)

The Group's investments in joint ventures are as follows: (continued)

Group	Material joint ventures	Others	Total
2022			
Share of results	(24,295)	15,008	(9,287)
Group adjustments	(18,469)	-	(18,469)
Share of results after unrealised profit	(42,764)	15,008	(27,756)
Unquoted shares, at costs	3,177,366	109,613	3,286,979
Group adjustments	(72,335)	-	(72,335)
Share of post-acquisition reserves	(451,392)	57,590	(393,802)
Shareholder's advances	-	64,396	64,396
Carrying amount as at 31 December 2022	2,653,639	231,599	2,885,238
Dividend income	-	5,750	5,750
Unrecognised share of loss:			
- At 1 January 2022	-	35,920	35,920
- Total for the financial year	-	3,095	3,095
- At 31 December 2022	-	39,015	39,015

The Company's investment in a joint venture is as follows:

	Company	
	2023	2022
Unquoted shares, at costs	125	125
Shareholder's advance	28,785	28,785
Accumulated impairment losses	(28,910)	(28,910)
Carrying amount at the end of the financial year	-	-

The shareholder's advance to joint ventures of the Group and the Company are unsecured and interest free with no fixed term of repayment. The advance is considered as part of the Group's and the Company's investment in the joint venture.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group

Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of the Group's material joint ventures.

- i. The summarised statements of comprehensive income of the material joint ventures are as follows:

	IDF		Battersea	
	2023	2022	2023	2022
Revenue	-	-	1,484,102	5,478,435
Write-down of inventories	-	-	(149,169)	(28,930)
Net fair value gain/(loss) on investment properties	300	-	(21,004)	101,713
Depreciation and amortisation	-	-	(5,582)	(3,924)
Finance income	20	56	3,193	585
Finance cost	(1,157)	(725)	(119,988)	(38,252)
Loss before taxation	(4,667)	(5,758)	(265,702)	(52,672)
Taxation	-	-	(3,531)	(148)
Loss for the financial year	(4,667)	(5,758)	(269,233)	(52,820)
Share of results	(2,567)	(3,167)	(107,693)	(21,128)

Share of results from Battersea for the current financial year includes a share of profit amounting to RM16.5 million from the adoption of MFRS 17 "Insurance Contracts", which is effective for the current financial year. Battersea has applied MFRS 17 in relation to its rights and obligation under a sale and purchase agreement ("SPA") on the disposal of a property. Under the SPA, Battersea provides a 5-year rental guarantee in return for an upside adjustment at the end of the fifth year following practical completion if the net operating income exceeds a prescribed yield or vice versa. No retrospective adjustment to prior years have been made as the impact is insignificant.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group (continued)

Summarised financial information (continued)

The information below reflects the amounts presented in the consolidated financial statements of the Group's material joint ventures. (continued)

ii. The summarised statements of financial position of the material joint ventures are as follows:

	IDF		Battersea	
	2023	2022 Restated	2023	2022
Non-current assets	708,416	395,526	5,960,483	3,123,328
Current assets				
Cash and cash equivalents	9,394	15,227	421,562	289,958
Other current assets	13,309	20,316	5,599,196	7,775,172
	22,703	35,543	6,020,758	8,065,130
Non-current liabilities				
Financial liabilities (excluding payables)	263,218	115,809	2,506,092	3,437,272
Other non-current liabilities	-	-	38,778	142,299
	263,218	115,809	2,544,870	3,579,571
Current liabilities				
Financial liabilities (excluding payables)	183,221	127,506	1,798,081	180,703
Other current liabilities	-	-	764,314	871,412
	183,221	127,506	2,562,395	1,052,115
Net assets	284,680	187,754	6,873,976	6,556,772

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group (continued)

Summarised financial information (continued)

Reconciliation of share of net assets:

	IDF		Battersea	
	2023	2022	2023	2022
Net assets				
At 1 January	187,754	-	6,556,772	7,723,490
Capital injection during the financial year	101,593	193,512	-	538,377
Total comprehensive loss for the financial year	(4,667)	(5,758)	(269,233)	(52,820)
Capital repayment during the financial year	-	-	(107,746)	(1,214,436)
Exchange differences	-	-	694,183	(437,839)
At 31 December	284,680	187,754	6,873,976	6,556,772
Group's interest in the joint venture	55%	55%	40%	40%
Group's share of net assets	156,574	103,265	2,749,590	2,622,709
Group adjustments	(10,457)	(72,335)	-	-
Carrying amount at the end of the financial year	146,117	30,930	2,749,590	2,622,709

Capital commitments and contingent liabilities

There are no contingent liabilities relating to the Group's interest in the joint ventures. The Group's commitments in relation to its joint ventures are disclosed in Note 38(c)(ii).

Notes to the Financial Statements

For the financial year ended 31 December 2023

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12 ASSOCIATES

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 44.

The Group's associates are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2023.

The Group's and the Company's investments in associates are as follows:

	Group	
	2023	2022
Share of results	5,309	1,661
Share of other comprehensive (loss)/income	(2,031)	979
Share of total comprehensive income for the financial year	3,278	2,640
Dividend income	1,800	1,080

	Group	
	2023	2022
Unquoted shares, at costs	36,203	36,203
Share of post-acquisition reserves	99,101	99,259
Shareholder's advance	1,185	14,898
Accumulated impairment losses	(167)	(1,803)
Carrying amount at the end of the financial year	136,322	148,557

	Company	
	2023	2022
Unquoted shares, at costs	36,000	36,000
Shareholder's advance	1,185	14,898
Accumulated impairment losses	-	(1,746)
Carrying amount at the end of the financial year	37,185	49,152
Dividend income	1,800	1,080

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.65% (2022: 6.40%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

Capital commitments and contingent liabilities

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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13 OTHER GAINS/(LOSSES)

	Group		Company	
	2023	2022 Restated	2023	2022
Gain/(Loss) on disposal of:				
– subsidiaries	-	53,020	-	-
– property, plant and equipment	49	2	2	3
– investment properties	(12)	-	-	-
Loss on lease modification	-	(12,788)	-	-
(Impairment losses)/Reversal of impairment losses on:				
– property, plant and equipment	(529)	(3)	-	-
– investment in subsidiaries *	-	-	(93,757)	(3,317)
– investment in an associate	-	-	1,746	-
Loss from liquidation of subsidiaries	(1,516)	-	-	(22)
Reversal of provision on obligation for a property disposed	9,701	-	-	-
Foreign currency exchange gains/(losses)	8,937	(138)	(30,663)	44,982
	16,630	40,093	(122,672)	41,646

* During the financial year, the Company recognised net impairment loss on investment in subsidiaries amounting to RM93.8 million. The net impairment loss on investment in subsidiaries of RM93.8 million represents impairment on investment in subsidiaries of RM125.3 million (Note 22) and a reversal of impairment loss on amount due from subsidiaries of RM31.6 million (Note 26).

14 FINANCE INCOME

	Group		Company	
	2023	2022	2023	2022
Finance income arising from:				
– accretion of interest on:				
– contract assets [Note 27(a)]	83,351	86,654	-	-
– receivables	80	95	-	-
– banks and other financial institutions	23,467	15,354	2,240	3,509
– subsidiaries	-	-	55,031	51,426
– joint ventures	4,704	3,893	4,704	3,753
– an associate	2,061	-	2,061	-
	113,663	105,996	64,036	58,688

Notes to the Financial Statements

For the financial year ended 31 December 2023

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15 FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
Finance costs charged by:				
– banks and other financial institutions	21,860	24,731	–	5,234
– non-controlling interest	5,472	6,349	–	–
– lease liabilities [Note 35]	1,493	2,118	141	383
Accretion of interest on:				
– payables	4,134	4,329	–	–
– provisions [Note 36]	4,542	4,131	–	–
	37,501	41,658	141	5,617
Islamic financing distribution payment:				
– Syndicated Islamic term financing	35,660	40,696	–	–
– Islamic Medium Term Notes	36,251	27,370	36,251	27,370
– Term loans and revolving credits	37,159	35,801	28,273	21,822
	109,070	103,867	64,524	49,192
Total finance costs	146,571	145,525	64,665	54,809
Interest capitalised in:				
– investment properties [Note 20]	(8,970)	–	–	–
– inventories [Note 21]	(63,932)	(48,152)	–	–
Net finance costs	73,669	97,373	64,665	54,809

The Group's weighted average capitalisation rate in determining interest eligible for capitalisation is 4.6% (2022: 4.5%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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16 TAXATION

	Group		Company	
	2023	2022	2023	2022
Income tax:				
In respect of current financial year				
– Malaysian income tax	160,615	142,287	17,700	11,318
In respect of prior financial years				
– Malaysian income tax	(8,210)	163	1,016	(312)
Total income tax	152,405	142,450	18,716	11,006
Deferred tax: [Note 25]				
– origination and reversal of temporary differences	40,302	(2,047)	(3,259)	(6,815)
– under/(over) provision in prior financial years	69	6,759	(401)	(2,807)
Total deferred tax expense/(credit)	40,371	4,712	(3,660)	(9,622)
Total taxation	192,776	147,162	15,056	1,384

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2023	2022	2023	2022
Profit before taxation	610,306	458,860	252,553	262,706
Less:				
Share of results of:				
– joint ventures [Note 11]	58,051	27,756	–	–
– associates [Note 12]	(5,309)	(1,661)	–	–
	663,048	484,955	252,553	262,706

Notes to the Financial Statements

For the financial year ended 31 December 2023

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16 TAXATION (CONTINUED)

Tax reconciliation (continued)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

	Group		Company	
	2023	2022 Restated	2023	2022
Tax at the domestic rates applicable to profits in the country concerned	169,124	119,331	60,613	63,049
Effect of tax incentives and income not subject to tax:				
– single tier and tax exempt dividends	–	–	(83,234)	(71,920)
– foreign currency exchange gains (net)	(1,424)	(429)	–	(10,790)
– others	(4,655)	(89)	–	–
Effect of expenses not deductible for tax purposes:				
– impairment losses on amounts due from subsidiaries	–	–	705	20,145
– impairment losses on investment in subsidiaries and an associate (net)	–	–	22,083	796
– depreciation and amortisation	6,660	4,720	1,076	818
– foreign currency exchange losses (net)	–	–	7,359	–
– others	11,806	4,939	5,839	2,405
Different tax rates arising from fair value of investment properties at real property gains tax rate	288	1,511	–	–
Differences in tax rate under "Cukai Makmur" (prosperity tax)*	–	8,487	–	–
Movement in unrecognised deferred tax assets	19,118	1,770	–	–
(Over)/Under provision in prior years	(8,141)	6,922	615	(3,119)
Taxation for the financial year	192,776	147,162	15,056	1,384
Applicable tax rate (%)	17.0 – 24.0	17.0 – 33.0*	24.0	24.0
Effective tax rate (%)	30.3	28.9	5.7	1.7

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

* For year of assessment 2022, the Cukai Makmur is applicable for companies within the Group with chargeable income in excess of RM100.0 million, whereby chargeable income for the first RM100.0 million is taxed at 24% and the portion of chargeable income in excess of RM100.0 million is taxed at 33%.

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17 EARNINGS PER SHARE

Basic earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2023	2022
Profit for the financial year attributable to the owners of the Company	407,914	315,839
Number of ordinary shares in issue (thousand)	6,800,839	6,800,839
Basic earnings per share (sen)	6.0	4.6

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

18 DIVIDENDS

	Group/Company	
	2023	2022
In respect of the financial year ended 31 December 2023, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2023	68,008	-
In respect of the financial year ended 31 December 2022, second single tier dividend of 1.0 sen per ordinary share which was paid on 28 March 2023	68,008	-
In respect of the financial year ended 31 December 2022, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2022	-	68,008
	136,016	68,008

The Board of Directors had on 22 February 2024, declared a 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. The second single tier dividend is payable on 8 May 2024 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 April 2024.

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For the financial year ended 31 December 2023

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19 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings and golf course	Plant and machinery	Renovation, fixtures, equipment and vehicles	Work in progress	Total
2023							
At 1 January 2023	58,619	51,088	413,592	996	43,863	18,185	586,343
Additions	-	-	3,044	1,559	15,480	17,404	37,487
Impairment losses	-	-	(529)	-	-	-	(529)
Write-off	-	-	-	-	-	(350)	(350)
Disposal	-	-	-	-	(10)	-	(10)
Reclassification	-	14,860	(14,860)	-	3,153	(3,153)	-
Depreciation [Notes 7 & 9]	-	(1,030)	(16,086)	(387)	(12,093)	-	(29,596)
At 31 December 2023	58,619	64,918	385,161	2,168	50,393	32,086	593,345
Cost	58,619	84,614	656,369	42,237	219,027	32,086	1,092,952
Accumulated depreciation	-	(16,331)	(264,592)	(40,019)	(168,214)	-	(489,156)
Accumulated impairment losses	-	(3,365)	(6,616)	(50)	(420)	-	(10,451)
Carrying amount at the end of the financial year	58,619	64,918	385,161	2,168	50,393	32,086	593,345
2022							
At 1 January 2022	58,619	52,118	440,994	1,366	47,309	14,841	615,247
Additions	-	-	508	18	6,572	4,182	11,280
Impairment losses	-	-	-	-	(3)	-	(3)
Write-off	-	-	-	-	(1)	-	(1)
Disposal	-	-	(5,032)	-	*	-	(5,032)
Disposal of subsidiaries	-	-	(5,380)	(40)	(17)	-	(5,437)
Reclassification	-	-	-	-	838	(838)	-
Depreciation [Notes 7 & 9]	-	(1,030)	(17,498)	(348)	(10,711)	-	(29,587)
Exchange differences	-	-	-	-	(124)	-	(124)
At 31 December 2022	58,619	51,088	413,592	996	43,863	18,185	586,343
Cost	58,619	61,643	681,748	40,687	209,215	18,185	1,070,097
Accumulated depreciation	-	(7,190)	(258,798)	(39,641)	(164,363)	-	(469,992)
Accumulated impairment losses	-	(3,365)	(9,358)	(50)	(989)	-	(13,762)
Carrying amount at the end of the financial year	58,619	51,088	413,592	996	43,863	18,185	586,343

* less than RM1,000

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings	Renovation, fixtures, equipment and vehicles	Work in progress	Total
2023				
At 1 January 2023	7,625	6,182	2,992	16,799
Additions	42,911	4,196	160	47,267
Disposal	-	*	-	*
Reclassification	-	3,152	(3,152)	-
Depreciation [Notes 7 & 9]	(7,625)	(3,149)	-	(10,774)
At 31 December 2023	42,911	10,381	-	53,292
Cost	42,911	52,596	-	95,507
Accumulated depreciation	-	(42,215)	-	(42,215)
Carrying amount at the end of the financial year	42,911	10,381	-	53,292
2022				
At 1 January 2022	15,249	5,351	-	20,600
Additions	-	2,517	2,992	5,509
Disposal	-	*	-	*
Depreciation [Notes 7 & 9]	(7,624)	(1,686)	-	(9,310)
At 31 December 2022	7,625	6,182	2,992	16,799
Cost	22,874	45,327	2,992	71,193
Accumulated depreciation	(15,249)	(39,145)	-	(54,394)
Carrying amount at the end of the financial year	7,625	6,182	2,992	16,799

* less than RM1,000

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Group	Leasehold land	Buildings and golf course	Vehicles	Total
2023				
At 1 January 2023	51,088	266,809	2,749	320,646
Additions	-	1,753	117	1,870
Reclassification	14,860	203	-	15,063
Depreciation	(1,030)	(8,713)	(1,576)	(11,319)
At 31 December 2023	64,918	260,052	1,290	326,260
Cost	84,614	413,587	7,436	505,637
Accumulated depreciation	(16,331)	(149,835)	(6,146)	(172,312)
Accumulated impairment losses	(3,365)	(3,700)	-	(7,065)
Carrying amount at the end of the financial year	64,918	260,052	1,290	326,260
2022				
At 1 January 2022	52,118	280,641	4,282	337,041
Additions	-	238	-	238
Disposal of subsidiaries	-	(5,380)	-	(5,380)
Depreciation	(1,030)	(8,690)	(1,533)	(11,253)
At 31 December 2022	51,088	266,809	2,749	320,646
Cost	61,643	416,999	7,319	485,961
Accumulated depreciation	(7,190)	(143,219)	(4,570)	(154,979)
Accumulated impairment losses	(3,365)	(6,971)	-	(10,336)
Carrying amount at the end of the financial year	51,088	266,809	2,749	320,646

Notes to the Financial Statements

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Company	Buildings	Vehicles	Total
2023			
At 1 January 2023	7,625	86	7,711
Additions	42,911	-	42,911
Depreciation	(7,625)	(80)	(7,705)
At 31 December 2023	42,911	6	42,917
Cost	42,911	297	43,208
Accumulated depreciation	-	(291)	(291)
Carrying amount at the end of the financial year	42,911	6	42,917
2022			
At 1 January 2022	15,249	166	15,415
Depreciation	(7,624)	(80)	(7,704)
At 31 December 2022	7,625	86	7,711
Cost	22,874	297	23,171
Accumulated depreciation	(15,249)	(211)	(15,460)
Carrying amount at the end of the financial year	7,625	86	7,711

The Company's Right-of-use building is leased from a subsidiary company.

b. Assets pledged as security

As at 31 December 2023, property, plant and equipment of certain subsidiaries with a total carrying amount of RM65.3 million (2022: RM67.1 million) were pledged as security for borrowings of the Group (see Note 34).

c. Additions of property, plant and equipment

	Group		Company	
	2023	2022	2023	2022
Additions	37,487	11,280	47,267	5,509
Financed by lease liabilities	(141)	-	(42,911)	-
Movement in accruals	(2,420)	-	-	-
Total cash outflow	34,926	11,280	4,356	5,509

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20 INVESTMENT PROPERTIES

Group	Freehold land and buildings	Leasehold land and buildings	Work in progress	Total
2023				
At 1 January 2023	816,591	61,860	206,749	1,085,200
Additions	119,429	1,791	75,403	196,623
Transfer from inventories	22,307	-	-	22,307
Transfer to assets held for sale [Note 30]	(68,850)	-	-	(68,850)
Reclassification	-	3,874	(3,874)	-
Disposal	(2,900)	-	-	(2,900)
Net changes in fair value on investment properties	(7,606)	(1,084)	(24,886)	(33,576)
Exchange differences	-	2,301	-	2,301
At 31 December 2023	878,971	68,742	253,392	1,201,105
2022				
At 1 January 2022	809,518	88,652	89,116	987,286
Additions	1,507	-	23,522	25,029
Transfer from inventories [Note 21]	-	-	252,515	252,515
Disposal of subsidiaries	-	-	(113,468)	(113,468)
Adjustment on lease modification	-	(15,507)	-	(15,507)
Net changes in fair value on investment properties	5,566	(12,231)	(44,936)	(51,601)
Exchange differences	-	946	-	946
At 31 December 2022	816,591	61,860	206,749	1,085,200

Included in the above are:

	Group	
	2023	2022
Investment properties at fair value	1,136,088	1,025,986
Investment properties at cost	65,017	59,214
At end of the financial year	1,201,105	1,085,200

Movement of investment properties at cost during the financial year are mainly additions of RM60.9 million (2022: RM18.2 million), transfer to investment properties at fair value of RM55.0 million (2022: RM Nil), transfer from inventories of RM Nil (2022: RM65.4 million) and disposal of subsidiaries of RM Nil (2022: RM113.5 million).

Notes to the Financial Statements

For the financial year ended 31 December 2023

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20 INVESTMENT PROPERTIES (CONTINUED)

a. Additions of investment properties

	Group	
	2023	2022
Additions	196,623	25,029
Movement in accruals	(16,905)	(9,078)
Interest capitalised [Note 15]	(8,970)	-
Total cash outflow	170,748	15,951

b. Right-of-use assets

Right-of-use assets included in investment properties are as follows:

Group	Leasehold land and buildings	Work in progress	Total
2023			
At 1 January 2023	61,860	151,192	213,052
Additions	1,791	13,452	15,243
Reclassification	3,874	(3,874)	-
Fair value adjustments	(1,084)	(23,653)	(24,737)
Exchange differences	2,301	-	2,301
At 31 December 2023	68,742	137,117	205,859
2022			
At 1 January 2022	88,652	920	89,572
Additions	-	8,102	8,102
Transfer from inventories	-	187,106	187,106
Adjustment on lease modification	(15,507)	-	(15,507)
Fair value adjustments	(12,231)	(44,936)	(57,167)
Exchange differences	946	-	946
At 31 December 2022	61,860	151,192	213,052

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20 INVESTMENT PROPERTIES (CONTINUED)

c. Fair Value

The fair value of the Group's investment properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 – Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

Properties valued using the investment method are based on the rental expected to be achieved, location, size and condition of the properties, taking into consideration outgoings such as quit rent and assessment, utilities and other general expenses. Key inputs consist of term yield, reversion yield and rental per square foot. Properties valued using the comparable method are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

Investment properties under construction are measured at cost until either the fair value becomes reliably determinable.

The Level 3 inputs or unobservable inputs include:

Term yield	Based on current contractual rentals and actual net lettable occupied, including revision upon renewal of tenancies during the financial year
Reversion yield	Current market rates with reference to the latest renewals concluded, asking rentals and also the term rentals passing
Price per square foot (psf)	Estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller

The following table provides the fair value of the Group's investment properties measured at Level 3:

	Group	
	2023	2022 Restated
Investment properties:		
– Retail	521,007	504,651
– Commercial buildings	356,353	351,580
– Others	258,728	169,755
	1,136,088	1,025,986

Significant unobservable inputs

Inter-relationship between significant unobservable inputs and fair value measurement

Term and reversion yield	Higher yield, lower fair value
Price per square foot	Higher price, higher fair value

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20 INVESTMENT PROPERTIES (CONTINUED)

c. Fair Value (continued)

Impact of a reasonably possible change in key inputs for investment properties with significant changes in fair value during the year is illustrated below:

Investment properties	Valuation techniques	Significant unobservable input	Impact of changes in key input to fair value*	
			2023	2022 Restated
Retail	Comparison method	Price per square foot	-	15,500
	Investment method	Term and reversion yield	49,000	32,000
Commercial buildings	Comparison method	Price per square foot	10,260	10,260
	Investment method	Term and reversion yield	21,459	21,106
Others	Comparison method	Price per square foot	22,752	13,691
	Investment method	Term and reversion yield	4,000	4,000

* Changes in term and reversion yield rates by 50 basis points (2022: 50 basis points) and price per square foot by 10% (2022: 10%) are used as these are the key inputs subjected to changes in market conditions.

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as follows:

Valuation techniques	Significant unobservable inputs			
	Term yield %	Reversion yield %	Price psf RM	
2023				
Retail	Investment method	5.00 – 6.50	5.50 – 6.50	N/A
Commercial buildings	Investment method	5.75 – 6.25	6.00 – 6.50	N/A
	Comparison method	N/A	N/A	205 – 556
Others	Investment method	4.75	5.25	N/A
	Comparison method	N/A	N/A	3 – 93
2022 Restated				
Retail	Investment method	5.75	6.25	N/A
	Comparison method	N/A	N/A	520
Commercial buildings	Investment method	5.75 – 6.25	6.00 – 6.50	N/A
	Comparison method	N/A	N/A	205 – 556
Others	Investment method	4.75	5.25	N/A
	Comparison method	N/A	N/A	3 – 24

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For the financial year ended 31 December 2023

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20 INVESTMENT PROPERTIES (CONTINUED)

d. Assets pledged as security

As at 31 December 2023, investment properties of certain subsidiaries with a total carrying amount of RM286.8 million (2022: RM334.4 million) were pledged as security for borrowings of the Group (see Note 34).

e. Operating leases

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Group	
	2023	2022
Rental income	61,537	57,932
Direct operating expenses	(38,783)	(33,918)

The future minimum lease payments receivable under operating leases contracted for as at the end of reporting period but not recognised as receivable are as follows:

	Group	
	2023	2022
Lease payments due:		
- not later than 1 year	45,899	44,660
- later than 1 year and not later than 2 years	37,383	21,392
- later than 2 years and not later than 3 years	21,998	13,786
- later than 3 years and not later than 4 years	8,986	5,684
- later than 4 years and not later than 5 years	6,313	5,493
- later than 5 years	90,187	87,446
	210,766	178,461

The Group entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease term ranging from 1 to 25 years (2022: ranging from 1 to 26 years).

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21 INVENTORIES

	Group		Company	
	2023	2022	2023	2022
Non-current				
Land held for property development [note (a)]	4,450,388	4,016,559	1,144,629	1,076,741
Current				
Cost:				
– completed development units	165,899	126,451	6,001	6,001
– finished goods, raw materials and consumables	1,020	640	–	–
Net realisable value:				
– completed development units	77,467	150,798	–	–
	244,386	277,889	6,001	6,001
Property development costs [note(b)]	1,800,201	1,249,389	114,763	101,501
	2,044,587	1,527,278	120,764	107,502
Total inventories	6,494,975	5,543,837	1,265,393	1,184,243

During the financial year, the Group and the Company recognised inventories cost of RM2,193.4 million (2022: RM1,682.8 million) and RM137.5 million (2022: RM114.1 million), respectively, as cost of sales.

The cost of sales included write-down of inventories to net realisable value by the Group of RM8.8 million (2022: RM6.3 million) and write-off of inventories by the Group of RM10.5 million (2022: RM3.1 million).

As at 31 December 2023, certain inventories of the Group with a total carrying amount of RM161.6 million (2022: RM230.8 million) were pledged as security for borrowings of the Group (see Note 34).

a. Land held for property development

	Group		Company	
	2023	2022	2023	2022
At 1 January	4,016,559	3,869,520	1,076,741	1,057,817
Additions				
– land cost	789,226	–	–	–
– development costs	717,775	469,864	125,303	94,524
Write-down	(5,744)	–	–	–
Write-off	(5,552)	(32)	–	–
Acquisition of non-controlling interests [Note 37]	(147,048)	–	–	–
Transfer to property development costs [note (b)]	(914,828)	(322,793)	(57,415)	(75,600)
At 31 December	4,450,388	4,016,559	1,144,629	1,076,741

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21 INVENTORIES (CONTINUED)

a. Land held for property development (continued)

Land held for property development is analysed as follows:

	Group		Company	
	2023	2022	2023	2022
Freehold land, at cost	2,134,856	1,401,603	893,966	899,071
Leasehold land, at cost	417,985	467,967	-	-
Development costs	1,897,547	2,146,989	250,663	177,670
	4,450,388	4,016,559	1,144,629	1,076,741

b. Property development costs

	Group		Company	
	2023	2022	2023	2022
At 1 January	1,249,389	1,592,449	101,501	98,110
Development costs incurred during the financial year	1,814,277	1,216,962	93,395	41,934
Costs recognised during the financial year [Note 7]	(2,066,946)	(1,571,078)	(137,548)	(114,143)
Transfer (to)/from:				
- investment properties [Note 20]	-	(252,515)	-	-
- land held for property development [note (a)]	914,828	322,793	57,415	75,600
- completed development units	(106,448)	(57,403)	-	-
Reversal of write-down	-	1,274	-	-
Write-off	(4,899)	(3,093)	-	-
At 31 December	1,800,201	1,249,389	114,763	101,501

Property development costs is analysed as follows:

	Group		Company	
	2023	2022	2023	2022
Freehold land, at cost	178,345	159,664	18,780	21,651
Leasehold land, at cost	100,345	89,536	-	-
Development costs	1,521,511	1,000,189	95,983	79,850
	1,800,201	1,249,389	114,763	101,501

Included in the Group's land held for property development and property development costs incurred during the financial year are finance costs capitalised amounting to RM63.9 million (2022: RM48.2 million) (see Note 15).

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For the financial year ended 31 December 2023

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22 SUBSIDIARIES

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 44.

	Company	
	2023	2022
Unquoted shares:		
At cost	9,778,858	9,338,919
Accumulated impairment losses	(1,424,044)	(1,298,717)
Carrying amount at the end of the financial year	8,354,814	8,040,202

During the financial year ended 31 December 2023, movement in the carrying amount of subsidiaries include, amongst others, capital injections in subsidiaries of RM439.9 million (2022: RM217.8 million) and capital repayment received from subsidiaries of RM Nil (2022: RM92.7 million).

Movements in accumulated impairment losses are as follows:

	Company	
	2023	2022
At 1 January	1,298,717	1,340,757
Net impairment losses [note (a)]	125,327	3,317
Liquidation of subsidiaries	–	(45,357)
At 31 December	1,424,044	1,298,717

- a. During the financial year, the Company recognised impairment losses of RM125.3 million, of which RM31.6 million relates to additional capital injection in a subsidiary. The impairment loss of RM31.6 million was offset against a corresponding reversal of impairment loss on amount due from the subsidiary following additional capital injection in that subsidiary (Note 26(c)(i)), resulting in the Company recognising a net impairment losses of RM93.8 million in other gains/(losses) (Note 13).

The impairment losses mainly arises from a subsidiary where the cost of investment of the subsidiary exceeds the recoverable amount. The recoverable amount is determined after considering the estimated future distributions from the subsidiary. The estimated future distributions are, in turn, funded by future profits from the ongoing developments, inventories and properties of the subsidiary's underlying investment. The estimates are in line with the latest project budgets and estimates, barring any unforeseen deviations in project revenue and costs. The estimated future distributions are discounted at cost of equity of 9% in deriving the recoverable amount. A reasonably possible increase in discount rate by 20 basis points would result in additional impairment loss of RM37.0 million.

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For the financial year ended 31 December 2023

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23 INVESTMENTS

Group/Company	Quoted shares*	Unquoted shares	Total
2023			
At 1 January 2023	-	48,633	48,633
Net changes in fair value recognised in other comprehensive income	-	(5,501)	(5,501)
At 31 December 2023	-	43,132	43,132
2022			
At 1 January 2022	-	53,418	53,418
Net changes in fair value recognised in other comprehensive income	-	(4,785)	(4,785)
At 31 December 2022	-	48,633	48,633

* Quoted shares were fully written down to RM Nil fair value in prior years (2022: RM Nil).

24 INTANGIBLE ASSETS

	Group		Company	
	2023	2022	2023	2022
At 1 January	6,577	7,258	5,057	5,724
Additions	1,725	1,739	1,477	1,056
Amortisation [Notes 7 & 9]	(2,134)	(2,420)	(1,404)	(1,723)
At 31 December	6,168	6,577	5,130	5,057
Cost	37,155	35,430	32,347	30,870
Accumulated amortisation	(30,987)	(28,853)	(27,217)	(25,813)
Carrying amount at the end of the financial year	6,168	6,577	5,130	5,057

The intangible assets for the Group and the Company comprise mainly computer software.

a. Additions of intangible assets

	Group		Company	
	2023	2022	2023	2022
Additions	1,725	1,739	1,477	1,056
Movement in accruals	981	-	981	-
Total cash outflow	2,706	1,739	2,458	1,056

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25 DEFERRED TAX

	Group		Company	
	2023	2022	2023	2022
Deferred tax assets	549,156	601,790	39,158	35,498
Deferred tax liabilities	(306,353)	(316,650)	-	-
	242,803	285,140	39,158	35,498

The amount of deductible temporary differences, which have no expiry dates, and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2023	2022 Restated	2023	2022
Unutilised tax losses	817,834	759,489	-	-
Deductible temporary differences	734,648	713,335	-	-
	1,552,482	1,472,824	-	-
Deferred tax assets not recognised	372,596	353,478	-	-

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the time limit to utilise tax losses is limited to a maximum of 10 consecutive years, effective from year of assessment 2019 onwards. Unutilised tax losses brought forward from year of assessment 2018 and preceding years of assessment can be carried forward up to 2028 under the special provision.

Unutilised tax losses for which no deferred tax asset is recognised:

	Group	
	2023	2022 Restated
- expiring in 2028	320,925	349,940
- expiring in 2029	227,028	228,159
- expiring in 2030	96,380	89,775
- expiring in 2031	74,675	71,825
- expiring in 2032	27,410	19,790
- expiring in 2033	71,416	-
	817,834	759,489

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For the financial year ended 31 December 2023

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25 DEFERRED TAX (CONTINUED)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

Group	Property, plant and equipment	Investment properties	Inventories	Contract assets	Allowance and provision	Tax losses and unabsorbed capital allowances	Others	Total
2023								
At 1 January 2023	5,254	(28,496)	363,359	(318,988)	138,700	90,638	34,673	285,140
Reclassification	-	-	(45,094)	45,094	-	-	-	-
As restated	5,254	(28,496)	318,265	(273,894)	138,700	90,638	34,673	285,140
Recognised in profit or loss: [Note 16]								
- temporary differences	163	(4,120)	(16,506)	(13,187)	11,828	(13,689)	(4,791)	(40,302)
- (under)/over provision in prior financial years	(179)	-	(3,746)	1,350	833	1,574	99	(69)
- acquisition of non-controlling interests [Note 37]	-	-	(1,802)	-	-	-	-	(1,802)
Exchange differences	-	(164)	-	-	-	-	-	(164)
At 31 December 2023	5,238	(32,780)	296,211	(285,731)	151,361	78,523	29,981	242,803
2022								
Restated								
At 1 January 2022	5,356	(34,999)	405,404	(321,168)	125,114	92,054	28,485	300,246
Reclassification	-	-	(46,443)	46,443	-	-	-	-
As restated	5,356	(34,999)	358,961	(274,725)	125,114	92,054	28,485	300,246
Recognised in loss or profit : [Note 16]								
- temporary differences	(225)	6,503	(24,965)	671	8,221	6,112	5,730	2,047
- over/(under) provision in prior financial years	123	-	(5,281)	160	5,365	(7,528)	402	(6,759)
- disposal of subsidiaries	-	-	(10,450)	-	-	-	-	(10,450)
Others	-	-	-	-	-	-	56	56
At 31 December 2022	5,254	(28,496)	318,265	(273,894)	138,700	90,638	34,673	285,140

Notes to the Financial Statements

For the financial year ended 31 December 2023

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25 DEFERRED TAX (CONTINUED)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows: (continued)

Company	Property, plant and equipment	Inventories	Contract assets	Allowance and provision	Total
2023					
At 1 January 2023	(1,161)	18,240	-	18,419	35,498
Reclassification	-	(9,005)	9,005	-	-
As restated	(1,161)	9,235	9,005	18,419	35,498
Recognised in profit or loss: [Note 16]					
- temporary differences	83	4,501	(3,840)	2,515	3,259
- over provision in prior financial years	9	392	-	-	401
At 31 December 2023	(1,069)	14,128	5,165	20,934	39,158
2022					
Restated					
At 1 January 2022	(567)	14,300	-	12,143	25,876
Reclassification	-	(12,697)	12,697	-	-
As restated	(567)	1,603	12,697	12,143	25,876
Recognised in profit or loss: [Note 16]					
- temporary differences	(268)	6,179	(3,692)	4,596	6,815
- (under)/over provision in prior financial years	(326)	1,453	-	1,680	2,807
At 31 December 2022	(1,161)	9,235	9,005	18,419	35,498

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26 RECEIVABLES

	Group		Company	
	2023	2022 Restated	2023	2022
Non-current				
Trade receivables	47,552	22,928	-	-
Deposit	-	28,000	-	-
Amounts due from:				
- joint ventures [note (a)]	89,000	89,000	89,000	89,000
- subsidiaries [note (b)]	-	-	1,850,104	1,427,231
	136,552	139,928	1,939,104	1,516,231
Accumulated impairment losses on: [note (c)]				
- amount due from a joint venture	(37,210)	(37,210)	(37,210)	(37,210)
- amounts due from subsidiaries	-	-	(104,344)	(135,914)
	99,342	102,718	1,797,550	1,343,107
Current				
Trade receivables	506,047	528,090	29,070	39,226
Other receivables	50,276	49,623	5,484	5,245
Contract cost assets	20,835	25,305	1,448	1,047
Deposits	98,965	133,722	9,186	7,382
Amounts due from:				
- joint ventures [note (a)]	124,211	241,362	124,205	123,246
- subsidiaries [note (b)]	-	-	115,922	156,498
	800,334	978,102	285,315	332,644
Accumulated impairment losses on: [note (c)]				
- trade receivables	(69,832)	(71,727)	-	-
- other receivables	(36,218)	(39,224)	(3,839)	(3,349)
- amounts due from joint ventures	(4,536)	(4,536)	(4,536)	(4,536)
- amounts due from subsidiaries	-	-	(5,013)	(2,074)
	(110,586)	(115,487)	(13,388)	(9,959)
	689,748	862,615	271,927	322,685
Total receivables	789,090	965,333	2,069,477	1,665,792

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26 RECEIVABLES (CONTINUED)

Credit quality of financial assets

Trade receivables that are neither past due nor impaired are amounts due from a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. In respect of property purchasers with no end-financing facilities, ownership and rights to the properties revert to the Group and to the Company in the event of default.

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. Management monitors closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

Other receivables and amounts due from joint ventures and subsidiaries which are not impaired are monitored closely.

a. Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and are non-interest bearing except for the following:

	Group		Company	
	2023	2022	2023	2022
Amounts due from joint ventures				
Interest bearing	205,125	205,125	205,125	205,125
Accumulated impairment losses				
At 1 January/31 December	(37,210)	(37,210)	(37,210)	(37,210)
	167,915	167,915	167,915	167,915
Non-current				
Due later than 1 year	51,790	51,790	51,790	51,790
Current				
Due not later than 1 year	116,125	116,125	116,125	116,125
	167,915	167,915	167,915	167,915

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 4.25% to 5.0% (2022: 3.8% to 5.0%) per annum.

b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing except for an amount of RM1,719.5 million (2022: RM1,296.7 million) which bears effective interest at 3.90% (2022: 3.59%) per annum.



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26 RECEIVABLES (CONTINUED)

c. Movements in accumulated impairment losses

Movements in accumulated impairment losses on receivables are as follows:

Group	12-month ECL	Lifetime ECL	Total
2023			
At 1 January 2023	6,240	146,457	152,697
Impairment losses on trade and other receivables	726	2,638	3,364
Reversal of impairment losses on trade and other receivables	(19)	(6,410)	(6,429)
Write-off	-	(1,836)	(1,836)
At 31 December 2023	6,947	140,849	147,796
Gross carrying amount at the end of the financial year	13,154	923,732	936,886
Carrying value net of ECL at the end of the financial year	6,207	782,883	789,090
2022			
At 1 January 2022	6,370	158,012	164,382
Impairment losses on trade and other receivables	-	4,591	4,591
Reversal of impairment losses on trade and other receivables	(130)	(1,697)	(1,827)
Write-off	-	(14,449)	(14,449)
At 31 December 2022	6,240	146,457	152,697
Gross carrying amount at the end of the financial year	22,790	1,095,240	1,118,030
Carrying value net of ECL at the end of the financial year	16,550	948,783	965,333

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26 RECEIVABLES (CONTINUED)

c. Movements in accumulated impairment losses (continued)

Movements in accumulated impairment losses on receivables are as follows: (continued)

Company	12-month ECL	Lifetime ECL	Total
2023			
At 1 January 2023	2,473	180,610	183,083
Impairment losses recognised/(reversed) on amounts due from:			
– subsidiaries [note (i)]	–	(28,631)	(28,631)
– other receivables	490	–	490
At 31 December 2023	2,963	151,979	154,942
Gross carrying amount at the end of the financial year	9,186	2,215,233	2,224,419
Carrying value net of ECL at the end of the financial year	6,223	2,063,254	2,069,477
2022			
At 1 January 2022	1,917	111,676	113,593
Impairment losses on amounts due from:			
– subsidiaries	–	83,383	83,383
– other receivables	556	–	556
Write-off	–	(14,449)	(14,449)
At 31 December 2022	2,473	180,610	183,083
Gross carrying amount at the end of the financial year	7,382	1,841,493	1,848,875
Carrying value net of ECL at the end of the financial year	4,909	1,660,883	1,665,792

- (i) During the financial year, the Company recognised a reversal of ECL amounting to RM31.6 million, with a corresponding impairment loss on investment in subsidiaries following additional capital injection in a subsidiary in other gains/(losses) (Note 13). The reversal of ECL was effectively reclassified to accumulated impairment loss on investment in subsidiaries to reflect the sequence of recovery of receivables and cost of investment.

Excluding this reclassification, the Company recognised ECL on the amounts due from subsidiaries of RM2.9 million (2022: RM83.4 million) as reflected in Note 9 to the financial statements. The ECL is determined after considering possible outcomes of expected future recoveries arising from the subsidiaries' ongoing developments, inventories and properties.

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		Company	
	2023	2022	2023	2022
Contract Assets				
Contract assets from concession arrangement [note (a)]	1,247,165	1,343,660	-	-
Contract assets from property development [note (b)]	1,002,690	1,009,855	39,096	19,027
Carrying amount at the end of the financial year	2,249,855	2,353,515	39,096	19,027
Non-current				
Due later than 1 year	1,110,987	1,199,242	-	-
Current				
Due not later than 1 year	1,138,868	1,154,273	39,096	19,027
	2,249,855	2,353,515	39,096	19,027
Contract Liabilities				
Contract liabilities from property development [note (b)]	227,862	324,165	47,129	88,328
Golf club activities and golf club membership fees [note (c)]	270,403	261,894	-	-
Carrying amount at the end of the financial year	498,265	586,059	47,129	88,328
Non-current				
Due later than 1 year	262,591	253,164	-	-
Current				
Due not later than 1 year	235,674	332,895	47,129	88,328
	498,265	586,059	47,129	88,328

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

a. Concession arrangement

	Group	
	2023	2022
Revenue recognised to date	1,577,741	1,577,437
Accretion of interest to date	764,619	681,268
Progress billings to date	(1,095,195)	(915,045)
Carrying amount at the end of the financial year	1,247,165	1,343,660
Non-current		
Construction contract	1,110,987	1,170,156
Supply of teaching equipment	-	29,086
	1,110,987	1,199,242
Current		
Construction contract	136,178	136,178
Supply of teaching equipment	-	8,240
	136,178	144,418
Total	1,247,165	1,343,660

Contract assets from customers on concession arrangement represent revenue attributable to the concession arrangement entered into by Sime Darby Property Selatan Sdn Bhd and its subsidiaries for the construction and development of the Pagoh Education Hub ("the Project"). The Project is undertaken on a concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements dated 7 November 2012, the Group agreed to undertake the construction works for Government of Malaysia ("GoM"), Universiti Tun Hussein Onn Malaysia ("UTHM"), International Islamic University Malaysia ("IIUM") and Universiti Teknologi Malaysia ("UTM") over a period of three years, together with the supply of teaching equipment. The construction commenced in May 2014. Upon completion of the construction works on 2 May 2017, the campuses were handed over to GoM, UTHM, IIUM and UTM. Under the Concession Agreements, the Group maintains the facilities and infrastructure of the campuses for a period of twenty (20) years.

In consideration of the construction works and the maintenance of the facilities, the Group receives Availability Charges and Asset Management Services Charges over the period of 20 years. Costs of teaching equipment are received based on delivery dates and agreed payment terms. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

A maintenance reserve fund was established under the asset management programme by the GoM, UTHM, IIUM, UTM and the Group. The maintenance reserve fund is jointly managed by the Group, the GoM, UTHM, IIUM, and UTM. The monies deposited in these accounts can only be utilised for purposes of replacement and refurbishment works for the facilities and infrastructure of the campuses, of which the utilisation of the funds are subject to approval by the GoM, UTHM, IIUM and UTM. The Group is not entitled to the fund except for the above mentioned purpose. Upon expiry of the concession period, the GoM, UTHM, IIUM and UTM are entitled to the balance of the maintenance reserve fund including profit or interest earned from the said fund.

The contract asset is pledged as security for borrowings of the Group (see Note 34).

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

b. Property Development

The Group and the Company issue progress billings to purchasers when the billing milestones are attained and recognise revenue when the performance obligation are satisfied.

The Group's and the Company's contract assets and contract liabilities relating to the sale of properties as of each reporting period are as follows:

	Group		Company	
	2023	2022 Restated	2023	2022
Contract assets	1,002,690	1,009,855	39,096	19,027
Contract liabilities	(227,862)	(324,165)	(47,129)	(88,328)
	774,828	685,690	(8,033)	(69,301)
At 1 January	685,690	724,407	(69,301)	(54,191)
Revenue recognised during the financial year	3,218,967	2,530,031	219,697	193,079
Progress billings during the financial year	(3,129,829)	(2,568,748)	(158,429)	(208,189)
At 31 December	774,828	685,690	(8,033)	(69,301)

c. Golf club activities and golf club membership fees

	Group	
	2023	2022
At 1 January	261,894	250,067
Revenue recognised during the financial year	(13,774)	(8,761)
Advance payment received	22,283	20,588
At 31 December	270,403	261,894

d. Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

	Group		Company	
	2023	2022	2023	2022
Within 1 year	2,090,756	1,970,988	196,623	93,133
More than 1 year	1,776,871	1,853,479	146,303	54,261
	3,867,627	3,824,467	342,926	147,394

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28 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

The Group's and the Company's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The interest rate of bank balances under Housing Development Accounts as at the end of the financial year ranges from 1.6% to 2.5% (2022: 1.4% to 2.7%) per annum.

29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2023	2022	2023	2022
Deposits placed	45,911	317,968	–	90,000
Cash at banks and in hand	230,724	281,257	57,508	53,369
Carrying amount at the end of the financial year	276,635	599,225	57,508	143,369
Effective interest rate per annum as at the end of the financial year:	%	%	%	%
Deposits with licensed banks	4.09	3.14	–	3.48

- Bank balances, deposits and cash of certain subsidiaries with carrying amount of RM78.5 million (2022: RM61.6 million) were pledged as security for borrowings of the Group (see Note 34).
- The bank balances, deposit and cash of the Group included bank balances with finance institutions amounting to RM12.1 million (2022: RM21.4 million) as part of the security obligations relating to certain borrowings, of which, RM11.0 million (2022: RM10.3 million) was included in (a) above.

30 ASSETS HELD FOR SALE

The assets held for sale as at 31 December 2023 were as follows:

	Group
	2023
Assets held for sale:	
– Investment properties	68,850

The investment properties classified as assets held for sale as at 31 December 2023 were in relation to lands in Kedah. The sale and purchase agreements ("SPA") were signed on 29 and 31 December 2023, the completion of which is subject to fulfilment of conditions precedent and/or full payment of sale consideration. The assets held for sale are carried at their fair values, which are determined by reference to the sale consideration in the SPAs.

Notes to the Financial Statements

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31 SHARE CAPITAL

	Group/Company			
	Number of shares (thousand)		Share capital	
	2023	2022	2023	2022
Issued and fully paid up:				
Ordinary shares with no par value				
At the beginning/end of the financial year	6,800,839	6,800,839	6,800,839	6,800,839

32 NON-CONTROLLING INTERESTS

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 31 December 2023 are as follows:

Name of subsidiaries	Proportion of equity held by non-controlling interests		Place of business
	2023	2022	
Sime Darby Property Selatan Sdn Bhd ("SDPS")	40%	40%	Malaysia
Sime Darby Brunfield Holding Sdn Bhd ("SDBH")	0%	40%	Malaysia

Total non-controlling interests of the Group are as follows:

	2023	2022
SDPS	215,401	203,463
SDBH	-	(88,028)
Others	11,015	9,643
	226,416	125,078

The other non-controlling interests are individually not significant.

Notes to the Financial Statements

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32 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

- i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations: (continued)

Summarised statements of financial position: *

	SDBH *	SDPS	
	2022	2023	2022
Non-current assets	642,234	1,135,903	1,201,020
Current assets	391,347	244,373	245,325
Non-current liabilities	(967,708)	(721,077)	(814,649)
Current liabilities	(320,873)	(120,696)	(123,424)
Net assets	(255,000)	538,503	508,272

* SDBH became a wholly-owned subsidiary of the Company as of 8 December 2023 subsequent to the completion of the settlement agreement with the non-controlling interest (Note 37). As such, the summarised statements of cash flows and financial position as of the balance sheet date are not disclosed, and the summarised statements of comprehensive income is disclosed for the current financial year up to the completion date.

33 PAYABLES

	Group		Company	
	2023	2022	2023	2022
Non-current				
Trade payables [note (a)]	67,875	71,694	-	-
Other payables	162	440	-	-
	68,037	72,134	-	-
Current				
Trade payables [note (a)]	1,213,160	955,208	87,101	57,805
Other payables	151,574	124,853	15,921	18,042
Accruals	176,408	126,328	61,454	57,611
Amounts due to:				
- subsidiaries [note (b)]	-	-	424,772	195,666
- non-controlling interest	1,351	90,230	-	-
	1,542,493	1,296,619	589,248	329,124
Total payables	1,610,530	1,368,753	589,248	329,124

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33 PAYABLES (CONTINUED)

a. Trade payables

Credit terms of trade payables range from 30 days to 45 days (2022: 30 days to 45 days) except for the following amount owing to a contractor of Pagoh Education Hub, which is on a deferred payment term.

	Group	
	2023	2022
Work performed to date	99,601	99,601
Accretion of interest	29,801	25,667
Progress billing to date	(53,574)	(45,520)
	75,828	79,748
Non-current		
Due later than 1 year	67,875	71,694
Current		
Due not later than 1 year	7,953	8,054
	75,828	79,748

b. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Movements in the amounts due to subsidiaries are as follows:

	Company	
	2023	2022
At 1 January	195,666	74,486
Advances from subsidiaries	229,106	121,180
At 31 December	424,772	195,666

Notes to the Financial Statements

For the financial year ended 31 December 2023

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34 BORROWINGS

	Group		Company	
	2023	2022	2023	2022
Non-current				
<u>Secured</u>				
Term loans [note (a)]	238,989	271,714	-	-
Islamic financing [note (b)]	471,038	525,712	231,031	298,032
Syndicated Islamic term financing [note (c)]	371,590	452,176	-	-
<u>Unsecured</u>				
Islamic Medium Term Notes [note (d)]	1,399,047	799,254	1,399,047	799,254
Amounts due to non-controlling interests [note (f)]	-	235,128	-	-
	2,480,664	2,283,984	1,630,078	1,097,286
Current				
<u>Secured</u>				
Term loans [note (a)]	19,957	199,747	-	-
Islamic financing [note (b)]	161,954	163,649	67,404	66,916
Syndicated Islamic term financing [note (c)]	83,535	83,754	-	-
<u>Unsecured</u>				
Islamic Medium Term Notes [note (d)]	11,003	1,938	11,003	1,938
Revolving credits [note (e)]	136,909	304,773	136,909	304,773
	413,358	753,861	215,316	373,627
Total borrowings	2,894,022	3,037,845	1,845,394	1,470,913
Secured	1,347,063	1,696,752	298,435	364,948
Unsecured	1,546,959	1,341,093	1,546,959	1,105,965
Total borrowings	2,894,022	3,037,845	1,845,394	1,470,913

Movements in the borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
At 1 January	3,037,845	3,831,600	1,470,913	1,936,682
Long-term borrowings:				
- raised	741,403	12,266	599,593	-
- repaid	(80,245)	(385,419)	(67,000)	(67,000)
Short-term borrowings:				
- raised	408,000	215,469	402,000	215,469
- repaid	(1,016,850)	(599,623)	(600,543)	(571,623)
Settlement upon acquisition of non-controlling interests [note (f)]	(240,600)	-	-	-
Finance costs	136,402	134,947	64,524	54,426
Finance costs paid	(122,887)	(128,880)	(55,047)	(54,526)
Exchange differences	30,954	(42,515)	30,954	(42,515)
At 31 December	2,894,022	3,037,845	1,845,394	1,470,913

Notes to the Financial Statements

For the financial year ended 31 December 2023

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34 BORROWINGS (CONTINUED)

a. Term loans – Secured

	Group	
	2023	2022
The maturity periods are as follows:		
– Less than 1 year	19,957	199,747
– Between 1 and 2 years	29,771	33,183
– Between 2 and 5 years	149,313	119,313
– More than 5 years	59,905	119,218
Total	258,946	471,461

The term loans of the Group are secured by way of charges over certain inventories.

b. Islamic financing – Secured

	Group		Company	
	2023	2022	2023	2022
The maturity periods are as follows:				
– Less than 1 year	161,954	163,649	67,404	66,916
– Between 1 and 2 years	121,964	195,209	66,515	66,515
– Between 2 and 5 years	232,262	330,503	164,516	231,517
– More than 5 years	116,812	–	–	–
Total	632,992	689,361	298,435	364,948

The Islamic financing facilities of the Group and the Company are secured by way of:

- i. legal charge over certain property, plant and equipment, investment properties, bank balances and inventories of the subsidiaries;
- ii. specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;
- iii. assignment of rights, titles, profits and benefits under project contracts, rental proceeds, and proceeds from projects and insurance; and
- iv. subordination of shareholders advances of certain subsidiaries.

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34 BORROWINGS (CONTINUED)

c. Syndicated Islamic term financing – Secured

The Syndicated Islamic term financing consist of four facilities with facility limit of RM895.4 million to four subsidiaries in which the Group has 60% equity interest. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates.

	Group	
	2023	2022
The maturity periods are as follows:		
– Less than 1 year	83,535	83,754
– Between 1 and 2 years	82,825	80,586
– Between 2 and 5 years	288,765	252,950
– More than 5 years	–	118,640
Total	455,125	535,930

The Syndicated Islamic term financing are secured by way of:

- i. a first ranking debenture incorporating fixed and floating charges over all present and future assets of the four subsidiaries. The carrying value of these assets including cash and bank balances as at 31 December 2023 is RM1,369.4 million (2022: RM1,435.0 million);
- ii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits of the pre-completion and post-completion as and when executed;
- iii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits under Takaful and insurance;
- iv. legal assignment over all of the four subsidiaries' rights, titles, interests and benefits under the performance bonds/guarantees for the project;
- v. second legal charge over the shares of the four subsidiaries; and
- vi. deed of subordinations to subordinate all shareholders' present and future financing/advances to the four subsidiaries provided that the four subsidiaries may repay the shareholders' advances if the distribution payment conditions are met before and after such payment or repayment.

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34 BORROWINGS (CONTINUED)

d. Islamic Medium Term Note – Unsecured

On 23 November 2020, the Group and the Company have amended its Islamic Medium Term Notes (IMTN) programme of RM4.5 billion under the Shariah principle of Musharakah to incorporate the rating of IMTN programme, as well as terms for the issuance of ASEAN Sustainable and Responsible Investment (SRI) Sukuk.

Details of the IMTNs issued on 3 December 2020 and 21 August 2023, and the outstanding balances as at 31 December 2023 are as follows:

Issuance Type	Date of Issuance	Tenor (Years)	Maturity Date	Periodic distribution rate (per annum)	Normal Value (RM thousand)
ASEAN Sustainability SRI Sukuk					
Musharakah	3 December 2020	5	3 December 2025	3.10%	150,000
Sukuk Musharakah	3 December 2020	7	3 December 2027	3.42%	500,000
Sukuk Musharakah	3 December 2020	10	3 December 2030	3.64%	150,000
ASEAN Sustainability SRI Sukuk					
Musharakah	21 August 2023	3	21 August 2026	4.08%	200,000
Sukuk Musharakah	21 August 2023	5	21 August 2028	4.14%	300,000
Sukuk Musharakah	21 August 2023	7	21 August 2030	4.28%	100,000

The Sukuk Musharakah Programme has been assigned a final credit rating of AA+_{IS} with a stable outlook by Malaysian Rating Corporation Berhad.

e. Revolving credits

The Group and the Company have a total unsecured revolving credit facilities of RM1.98 billion. The facilities have an availability period of 5 years from the date of the availability of the facilities and the outstanding balances is payable within a year.

f. Amounts due to non-controlling interests

On 1 November 2023, the Group entered into a settlement agreement with Brunsfield Metropolitan Sdn Bhd ("BMSB"), a non-controlling interest of the Group. The settlement agreement has been completed on 8 December 2023 and the amounts due to the non-controlling interests have been settled as part of the transaction. Details of the transaction is outlined in Note 37.

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34 BORROWINGS (CONTINUED)

g. Other information on borrowings

	Group		Company	
	2023 % per annum	2022 % per annum	2023 % per annum	2022 % per annum
i. Islamic financing				
The average effective distribution payments by currency profile are as follows:				
<u>Ringgit Malaysia</u>				
– Islamic financing	4.53	4.15	4.48	4.01
– Syndicated Islamic term financing	7.00	7.00	–	–
– Islamic Medium Term Notes	3.72	3.40	3.72	3.40
<u>Sterling Pound</u>				
– Revolving credits	5.88	4.00	5.88	4.00
ii. Conventional financing				
The average effective interest rates by currency profile are as follows:				
<u>Ringgit Malaysia</u>				
– Term loans	4.44	4.24	–	–
– Amounts due to non-controlling interests	N/A	3.60	–	–

iii. Secured financing

As at 31 December 2023, borrowings amounting to RM1,347.1 million (2022: RM1,696.8 million) and RM298.4 million (2022: RM364.9 million) were secured by fixed and floating charges over the assets of the Group and the Company, respectively.

The carrying amounts of assets that the Group and the Company have pledged as collateral for the borrowings are as follows:

	Group	
	2023	2022
Property, plant and equipment [Note 19]	65,281	67,140
Investment properties [Note 20]	286,781	334,402
Inventories [Note 21]	161,621	230,830
Contract assets [Note 27]	1,247,165	1,343,660
Bank balances, deposits and cash [Note 29]	78,483	61,553
Other assets	46,344	29,836
	1,885,675	2,067,421

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35 LEASE LIABILITIES

	Group		Company	
	2023	2022	2023	2022
At 1 January	45,596	66,748	8,011	15,674
Addition	1,947	-	42,911	-
Loss on lease modification	-	(2,794)	-	-
Finance costs [Note 15]	1,493	2,118	141	383
Payments	(4,967)	(22,299)	(8,045)	(8,046)
Exchange differences	1,365	1,823	-	-
At 31 December	45,434	45,596	43,018	8,011
Non-current				
Due later than 1 year	23,976	24,149	36,409	107
Current				
Due not later than 1 year	21,458	21,447	6,609	7,904
	45,434	45,596	43,018	8,011

The underlying assets of the lease liabilities are included in property, plant and equipment and investment properties in Notes 19 and 20. Lease contracts are typically entered for fixed periods and the terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The maturity periods of the lease liabilities are shown in Note 42(b).

The lease liabilities of the Company mainly is in relation to a rental of office building from its subsidiary.

a. Leases not included in lease liabilities

Short-term leases, leases of low-value assets and variable lease payments are not included in lease liabilities. Details of these leases which are charged to profit or loss in the current financial year are as follows:

	Group		Company	
	2023	2022	2023	2022
Short-term leases	1,614	1,510	136	178
Leases of the low-value assets	536	529	227	240
	2,150	2,039	363	418

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35 LEASE LIABILITIES (CONTINUED)

b. Total cash outflow

The total cash outflow for leases are as follows:

	Group		Company	
	2023	2022	2023	2022
Included in cashflow used in operating activities				
Lease payments associated with:				
– short-term leases	1,614	1,510	136	178
– leases of low-value assets	536	529	227	240
Included in cashflow used in financing activities				
Repayment of lease	3,474	22,299	7,904	7,663
Total cash outflow	5,624	24,338	8,267	8,081

36 PROVISIONS

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Long-term employee benefit	Total
2023				
At 1 January 2023	172,167	62,928	–	235,095
(Reversal of provisions)/Provisions made during the financial year	(9,701)	(211)	10,286	374
Accretion of interest [Note 15]	4,542	–	–	4,542
Utilised	–	(12,984)	–	(12,984)
Exchange differences	11,942	57	–	11,999
At 31 December 2023	178,950	49,790	10,286	239,026
Non-current	151,147	9,682	10,286	171,115
Current	27,803	40,108	–	67,911
	178,950	49,790	10,286	239,026

Notes to the Financial Statements

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36 PROVISIONS (CONTINUED)

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Total
2022			
At 1 January 2022	158,205	88,508	246,713
Provisions made during the financial year	-	11,023	11,023
Accretion of interest [Note 15]	4,131	-	4,131
Utilised	-	(36,572)	(36,572)
Exchange differences	9,831	(31)	9,800
At 31 December 2022	172,167	62,928	235,095
Non-current	137,020	15,545	152,565
Current	35,147	47,383	82,530
	172,167	62,928	235,095
Company	Relocation, rectification and construction costs	Long-term employee benefit	Total
2023			
At 1 January	13,576	-	13,576
(Reversal of provisions)/Provisions made during the financial year	(2,372)	10,286	7,914
At 31 December	11,204	10,286	21,490
Non-current	4,118	10,286	14,404
Current	7,086	-	7,086
	11,204	10,286	21,490
2022			
At 1 January	4,025	-	4,025
Provisions made during the financial year	9,551	-	9,551
At 31 December	13,576	-	13,576
Non-current	4,025	-	4,025
Current	9,551	-	9,551
	13,576	-	13,576

The Group evaluates the provision based on the status of ongoing negotiations, inputs from consultants and past experiences. Changes in assumptions and future events could cause the value of these provisions to change.

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36 PROVISIONS (CONTINUED)

a. Obligation in relation to a property disposed

The provision is in relation to an undertaking arrangement entered on the disposal of a property to a joint venture in financial year 2017. The provision, net of the carrying amount of the joint venture, would be RM148.5 million (2022: RM126.7 million).

The provision is calculated based on future rental and other obligations net of estimated sub-lease income and discounted to present value using an appropriate discount rate.

b. Relocation, rectification and construction costs

The provision for relocation, rectification and construction costs are made in relation to property development projects.

c. Long-term employee benefits

The provision for long-term employee benefits are made in relation to a Long-term Incentive Plan ("LTIP") implemented by the Group and is calculated by reference to the total amount granted and the expected achievements on the relevant key performance indicators as set under the LTIP.

37 ACQUISITION OF NON-CONTROLLING INTERESTS ("NCI")

On 1 November 2023, Sime Darby Property Berhad, and its 60% owned subsidiary, Sime Darby Brunsfield Holding Sdn Bhd ("SDBH"), have entered into a settlement agreement with Brunsfield Metropolitan Sdn Bhd ("BMSB"), the 40% shareholder of the remaining equity interest in SDBH. The settlement agreement sets out the key parameters and features of the settlement and mutual termination of a Joint Venture and Shareholders Agreement dated 28 March 2006 between the Group and BMSB.

The settlement agreement has been completed on 8 December 2023. Following the completion of the settlement agreement, the Group's interest in SDBH has increased from 60% to 100%.

Details of net cash outflow on acquisition of non-controlling interests by the Group for the financial year ended 31 December 2023 are as follows:

	Group
	2023
NCI acquired	(97,220)
Difference arising from acquisition of NCI recognised in retained earnings	(21,592)
Cost of acquisition	(118,812)
In exchange for:	
Settlement of shareholder loan and net payables	314,598
Inventories transferred to NCI	(162,414)
Others	(1,802)
Net cash outflow on acquisition of non-controlling interests	31,570

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38 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

a. Material Litigations

(i) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd ("SDPAD")

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

The Plaintiffs alleged that the breaches by SDPAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The trial commenced on 16 April 2018. On 28 April 2021, the court allowed the Plaintiffs' application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. A total of 9 trial dates were fixed between April 2018 to August 2023 and further trial dates have been fixed in March, April, May and July 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.

(ii) 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 has referred disputes arising from the Project and the construction contract with SDPKE ("Respondent") to arbitration by issuing a notice of arbitration ("Notice") 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 arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued on various dates between June 2020 to March 2024. Further hearing dates have been fixed in July 2024.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof. Nonetheless, there have been certain concessions made by the Respondent's witnesses who have given or are still giving evidence to-date, the impact of which has to be re-assessed and determined.

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38 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

a. Material Litigations (continued)

(iii) 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"). A case management was fixed on 20 February 2024 to determine the hearing date of LLM's New Appeal and following from the case management, the Court of Appeal has fixed the hearing of LLM's New Appeal on 12 September 2024 while the Re-Hearing is 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.

b. Contingent Liabilities

	Group	
	2023	2022
Claims pending against the Group	82,009	82,009

As at end of reporting period, no provision has been recognised in the financial statements as legal advice indicates that it is not probable for a material liability to arise.

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38 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

c. Commitments

i. Capital commitments

	Group		Company	
	2023	2022	2023	2022
Contracted capital commitments:				
– investment properties	20,815	79,618	–	–
– property, plant and equipment	20,084	28,731	800	902
– intangible assets	880	462	880	452
	41,779	108,811	1,680	1,354

ii. Commitment in relation to joint ventures

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

	Group	
	2023	2022
Joint ventures:		
– Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP	112,692	168,568
– Others	64,625	45,800
	177,317	214,368

39 SEGMENT INFORMATION – GROUP

The Group has three (3) reportable business segments – property development, investment and asset management and leisure. The strategic business units offer different products and services, and are managed separately by each Chief Operating Officer or Head of Division. 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:

Property development	Development of residential, industrial and commercial properties
Investment and asset management	Leasing of properties, and provision of assets and management services
Leisure	Provision of golf and other recreational facilities and services

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results

2023	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	3,235,370	107,813	93,764	-	3,436,947
Inter-segment	40,355	7,994	3,106	(51,455)	-
	3,275,725	115,807	96,870	(51,455)	3,436,947
Cost of sales	(2,341,381)	(69,027)	(58,072)	40,486	(2,427,994)
Gross profit	934,344	46,780	38,798	(10,969)	1,008,953
Other operating income/(expenses)	12,403	(26,005)	2,615	1,181	(9,806)
Marketing and selling expenses	(146,985)	(2,363)	(509)	-	(149,857)
Administrative and other expenses	(190,182)	(21,034)	(42,974)	11,324	(242,866)
Operating profit/(loss)	609,580	(2,622)	(2,070)	1,536	606,424
Share of results of joint ventures and associates	(92,294)	(29,410)	-	68,962	(52,742)
Segment results	517,286	(32,032)	(2,070)	70,498	553,682
Other gains/(losses)	7,568	9,551	(489)	-	16,630
Profit/(Loss) before interest and taxation	524,854	(22,481)	(2,559)	70,498	570,312
Finance income	32,054	86,789	2,802	(7,982)	113,663
Finance costs	(32,070)	(48,536)	(1,045)	7,982	(73,669)
Profit/(Loss) before tax	524,838	15,772	(802)	70,498	610,306
Tax expense	(174,566)	(18,202)	113	(121)	(192,776)
Profit/(Loss) for the year	350,272	(2,430)	(689)	70,377	417,530
Included in segment results are:					
Depreciation and amortisation	(12,125)	(3,397)	(16,208)	-	(31,730)
Net changes in fair value on investment properties	(6,570)	(28,377)	-	1,371	(33,576)
Impairment losses on receivables	(3,040)	(309)	(15)	-	(3,364)
Reversal of impairment losses on receivables	2,478	3,886	65	-	6,429
Write-down of inventories	(8,756)	-	-	-	(8,756)
Write-off of inventories	(10,451)	-	-	-	(10,451)
Included in other gains/(losses) are:					
Reversal of provision on obligation in relation to a property disposed	-	9,701	-	-	9,701
Gain/(Loss) on disposal of:					
- property, plant and equipment	9	-	40	-	49
- investment properties	(12)	-	-	-	(12)
Impairment of property, plant and equipment	-	-	(529)	-	(529)

There is no single customer who contributed 10% or more of the Group's total revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results (continued)

2022 Restated	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	2,549,507	107,947	84,682	-	2,742,136
Inter-segment	164,284	8,194	4,345	(176,823)	-
	2,713,791	116,141	89,027	(176,823)	2,742,136
Cost of sales	(1,903,349)	(59,026)	(49,051)	95,863	(1,915,563)
Gross profit	810,442	57,115	39,976	(80,960)	826,573
Other operating income/(expenses)	22,130	(51,314)	141	(190)	(29,233)
Marketing and selling expenses	(120,514)	(667)	(504)	3,620	(118,065)
Administrative and other expenses	(195,825)	(21,446)	(37,083)	11,318	(243,036)
Operating profit/(loss)	516,233	(16,312)	2,530	(66,212)	436,239
Share of results of joint ventures and associates	(48,795)	39,935	-	(17,235)	(26,095)
Segment results	467,438	23,623	2,530	(83,447)	410,144
Other (losses)/gains	(1,120)	(11,922)	9,063	44,072	40,093
Profit/(Loss) before interest and taxation	466,318	11,701	11,593	(39,375)	450,237
Finance income	26,103	90,029	834	(10,970)	105,996
Finance costs	(39,877)	(67,349)	(1,117)	10,970	(97,373)
Profit/(Loss) before tax	452,544	34,381	11,310	(39,375)	458,860
Tax expense	(136,605)	(15,647)	(1,893)	6,983	(147,162)
Profit/(Loss) for the year	315,939	18,734	9,417	(32,392)	311,698
Included in segment results are:					
Depreciation and amortisation	(12,777)	(3,315)	(15,915)	-	(32,007)
Net changes in fair value on investment properties	2,011	(53,612)	-	-	(51,601)
Impairment losses on receivables	(3,880)	(147)	(564)	-	(4,591)
Reversal of impairment losses on receivables	948	829	50	-	1,827
Write-down of inventories	(6,270)	-	-	-	(6,270)
Write-off of:					
- property, plant and equipment	-	-	(1)	-	(1)
- inventories	(3,125)	-	-	-	(3,125)
Included in other (losses)/gains are:					
Loss on lease modification	-	(12,788)	-	-	(12,788)
Gain on disposal of subsidiaries	-	-	8,948	44,072	53,020
Impairment of property, plant and equipment	-	-	(3)	-	(3)

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets

	Property development	Investment and asset management	Leisure	Elimination	Total
2023					
Segment assets:					
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
	12,369,833	3,173,172	548,867	(760,428)	15,331,444
Segment liabilities:					
Liabilities	1,801,499	938,756	359,676	(752,110)	2,347,821
Additions to non-current assets are as follows:					
- capital expenditure	15,107	208,062	12,666	-	235,835
- additions to interests in joint ventures	-	72,051	-	-	72,051
	15,107	280,113	12,666	-	307,886
2022					
Restated*					
Segment assets:					
Operating assets	9,295,326	2,535,848	539,439	(783,856)	11,586,757
Joint ventures and associates*	2,660,592	444,304	-	(71,101)	3,033,795
	11,955,918	2,980,152	539,439	(854,957)	14,620,552
Segment liabilities:					
Liabilities	1,646,316	979,533	347,914	(783,856)	2,189,907
Additions to non-current assets are as follows:					
- capital expenditure	9,632	17,369	1,969	-	28,970
- additions to interests in joint ventures	215,351	115,267	-	-	330,618
	224,983	132,636	1,969	-	359,588

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

Notes to the Financial Statements

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

Capital expenditure consists of the following:

	2023	2022
Property, plant and equipment	37,487	11,280
Investment properties	196,623	25,029
Intangible assets	1,725	1,739
	235,835	38,048

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2023	2022
Malaysia	3,435,084	2,727,436
Singapore	1,310	14,216
United Kingdom	553	484
	3,436,947	2,742,136

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	2023	2022
Malaysia	7,830,485	7,206,395
United Kingdom	2,773,184	2,644,031
Singapore	30,435	77,290
	10,634,104	9,927,716

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2023	2022
Non-current assets other than financial instruments and deferred tax assets	10,634,104	9,927,716
Investments	43,132	48,633
Deferred tax assets	549,156	601,790
Receivables	99,342	102,718
	11,325,734	10,680,857

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Segment assets	
	2023	2022
Segment total	15,331,444	14,620,552
Tax assets	597,300	642,157
Total	15,928,744	15,262,709

	Segment liabilities	
	2023	2022
Segment total	2,347,821	2,189,907
Tax liabilities	357,955	344,565
Borrowings	2,894,022	3,037,845
Lease liabilities	45,434	45,596
Total	5,645,232	5,617,913

40 RELATED PARTIES

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2023	2022
a. Transactions between subsidiaries and their non-controlling interests ("NCI") or related parties of the NCI		
Turnkey construction works rendered to Sime Darby Brunfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunfield Engineering Sdn Bhd ("BESB"), a company in which Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Gan") and Encik Mohamad Hassan Zakaria ("Encik Hassan") are substantial shareholders	(6,154)	(33,320)
BESB ceased to be a related party of the Group as of 8 December 2023 upon completion of the settlement agreement with BMSB (refer to Note 37).		
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	(16,375)	(15,024)

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40 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

b. Transactions with joint ventures and associates

	Group	
	2023	2022
<u>Yayasan Sime Darby</u>		
- Contribution to Yayasan Sime Darby	(9,476)	(20,000)
<u>SDPLOG 1 (Industrial Asset IV) Sdn Bhd</u>		
- Deposit received for land sale	-	19,588

c. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 57.6% (2022: 58.0%) as at 31 December 2023 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered by the Group and the Company with shareholders and government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

	Group		Company	
	2023	2022	2023	2022
<u>Director of PNB</u>				
- Deposit received for land sale	-	1,356	-	-
<u>Sime Darby Plantation Berhad Group</u>				
- Deposit paid for land acquisition	-	(61,800)	-	-
- Rental income	10,489	13,106	3,644	5,096

Notes to the Financial Statements

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40 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

c. Transactions with shareholders and Government: (continued)

- i. On 27 October 2021, Sime Darby Property (MVV Central) Sdn Bhd had entered into a Sale and Purchase Agreement ("SPA") with Kumpulan Sime Darby Berhad ("KSDB"), a subsidiary of Sime Darby Berhad, to acquire part of the land held under GRN 76723 Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan measuring approximately 760.12 acres for a total cash consideration of RM280.0 million. 10% of the purchase price was paid upon signing of SPA. The acquisition has been completed following the payment of the balance 90% of the purchase price of RM252.0 million on 7 August 2023.
- ii. On 1 December 2022, Sime Darby Property (Bukit Tunku) Sdn Bhd ("SDPBT"), a wholly-owned subsidiary of the Group, had entered into a conditional Sale and Purchase Agreement ("SPA") with Sime Darby Plantation Berhad to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.8 acres located in Mukim Kapar, District of Klang, Selangor ("Kapar Land") for a total cash consideration of RM618.0 million. The proposed Kapar Land acquisition was approved by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 24 May 2023. 10% of the purchase price was paid upon signing of SPA. The acquisition has been completed following the payment of the balance 90% of the purchase price of RM556.2 million on 23 August 2023.

d. Transactions with Directors, other key management personnel ("KMP") and their close family members

	Group		Company	
	2023	2022	2023	2022
Remuneration of Directors and other KMP:				
– salaries, fees and other emoluments	23,648	15,932	23,648	15,932
– defined contribution plan	3,078	1,935	3,078	1,935
– long-term employee benefits	6,268	–	6,268	–
– estimated monetary value of benefits by way of usage of the Group's and of the Company's assets	614	411	614	411
Sale of properties to Directors of the Company	486	1,921	–	–
Sale of properties to KMP and their close family members	3,957	3,004	–	–

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

The KMP of the Group and the Company includes Directors of the Company and certain members of senior management of the Group.

In 2023, KMP comprised of 22 individuals (2022: 15 individuals).

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40 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

e. Outstanding balances with related parties

	Group	
	2023	2022
<u>Amount due to non-controlling interest included in payables</u>		
Tunas Cool Energy Sdn Bhd	1,351	-

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 11, 12, 22, 26 and 33.

41 FINANCIAL INSTRUMENTS

a. Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Valuation inputs (other than Level 1 input) that are observable for the asset or liability
Level 3	Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of the Group's and the Company's investments are categorised as follows:

	Group/Company	
	2023	2022
Level 3 – unquoted shares	43,132	48,633

Unquoted shares are measured 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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41 FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial instruments measured at amortised cost

Other than the financial liabilities disclosed below, the carrying amounts of the financial assets and liabilities approximate their fair values due to the insignificant impact of discounting and the relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
2023				
Payables	1,610,530	1,613,741	589,248	589,248
Borrowings	2,894,022	2,913,693	1,845,394	1,836,446
2022				
Payables	1,368,753	1,372,837	329,124	329,124
Borrowings	3,037,845	3,045,475	1,470,913	1,431,548

42 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk and foreign exchange risk. The policy on financial risk management is described in Note 5.

Details of each significant financial risk are as follows:

a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
Fixed rate borrowings	1,865,175	1,337,122	1,410,050	801,192
Floating rate borrowings	1,028,847	1,700,723	435,344	669,721
Total borrowings	2,894,022	3,037,845	1,845,394	1,470,913
Percentage of fixed rate borrowings over total borrowings	64.4%	44.0%	76.4%	54.5%

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 25 basis points (2022: 50 basis points), with all variables held constant, the Group's and the Company's profit after taxation, total comprehensive income and equity will be affected by higher interest expense as follows:

	Group		Company	
	2023	2022	2023	2022
Higher interest expense	1,955	6,463	827	2,545

Notes to the Financial Statements

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42 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

b. Liquidity and cash flow risks

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the end of the financial year are as follows:

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Group						
2023						
Payables	1,467,561	59,468	47,942	67,116	1,642,087	1,610,530
Borrowings	538,903	485,875	1,840,681	472,159	3,337,618	2,894,022
Lease liabilities	2,923	1,405	4,122	59,644	68,094	45,434
	2,009,387	546,748	1,892,745	598,919	5,047,799	4,549,986
2022						
Payables	1,215,605	58,289	55,380	75,170	1,404,444	1,368,753
Borrowings	870,858	396,638	1,521,940	646,053	3,435,489	3,037,845
Lease liabilities	24,562	2,526	3,060	60,605	90,753	45,596
	2,111,025	457,453	1,580,380	781,828	4,930,686	4,452,194
Company						
2023						
Payables	581,895	5,849	1,504	-	589,248	589,248
Borrowings	277,696	275,615	1,265,838	267,095	2,086,244	1,845,394
Lease liabilities	8,102	7,994	23,983	7,994	48,073	43,018
	867,693	289,458	1,291,325	275,089	2,723,565	2,477,660
2022						
Payables	316,390	9,164	3,570	-	329,124	329,124
Borrowings	421,835	100,435	957,079	165,920	1,645,269	1,470,913
Lease liabilities	8,044	108	-	-	8,152	8,011
	746,269	109,707	960,649	165,920	1,982,545	1,808,048

As at the end of reporting year, the Company's current liabilities exceed its current assets by RM380.2 million (2022: RM195.9 million). Excluding revolving credits borrowings and amount due to subsidiaries which are classified under current liabilities, the Company is in net current assets position of RM181.5 million (2022: RM304.5 million).

The Directors are of the view that the Company is able to meet its obligations for the next twelve months from the reporting date. The Company has unutilised credit facilities as disclosed in Note 5(a)(iii) which it can tap upon at an appropriate time. In addition, the future dividend distribution from its subsidiaries are expected to alleviate the liquidity position of the Company.

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42 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	Maximum exposure	Collateral and credit enhancements	Maximum exposure	Collateral and credit enhancements
2023				
Receivables	789,090	479,437	2,069,477	29,070
Contract assets	2,249,855	1,002,690	39,096	39,096
Cash held under Housing Development				
Accounts	325,946	-	3,133	-
Bank balances, deposits and cash	276,635	-	57,508	-
	3,641,526	1,482,127	2,169,214	68,166
2022				
Receivables	965,333	620,175	1,665,792	39,226
Contract assets	2,353,515	1,009,855	19,027	19,027
Cash held under Housing Development				
Accounts	386,092	-	20,878	-
Bank balances, deposits and cash	599,225	-	143,369	-
	4,304,165	1,630,030	1,849,066	58,253

d. Foreign currency exchange risk

Other than borrowings denominated in foreign currencies, the Group and the Company do not have other significant financial asset or liabilities denominated in foreign currency as at end of financial year.

The currency profiles of the Group's and the Company's borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
Borrowings:				
– denominated in GBP	136,909	304,773	136,909	304,773
– denominated in functional currency	2,757,113	2,733,072	1,708,485	1,166,140
	2,894,022	3,037,845	1,845,394	1,470,913

Notes to the Financial Statements

For the financial year ended 31 December 2023

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42 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

d. Foreign currency exchange risk (continued)

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency denominated borrowings against the functional currency, after taking into account the impact of hedging. If GBP strengthened against RM by 5% (2022: 5%), with all variables held constant, the Company's profit after taxation and equity will be affected by higher foreign currency exchange losses as follows:

	Group		Company	
	2023	2022	2023	2022
Higher foreign currency exchange losses	- *	- *	(6,845)	(15,239)

* The Group is exposed to currency translation risk arising from its net investment in Battersea. The Group's borrowings denominated in GBP were drawdown to provide capital injections to Battersea and is designated as a net investment hedge. As such, the unrealised foreign exchange differences in relation to the GBP denominated borrowings were adjusted to the Group's other comprehensive income and were offset against the foreign exchange differences arising from the underlying net investment.

43 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries					
Harvard Golf Resort (Jerai) Berhad	Leasing of clubhouse building and golf course	Malaysia	100.0	100.0	1
Harvard Hotel (Jerai) Sdn Bhd	Leasing of hotel building	Malaysia	100.0	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	100.0	100.0	1
MVV Holdings Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Seed Homes Sdn Bhd	Property development and investment holding	Malaysia	100.0	-	4
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	70.0	70.0	1

Notes to the Financial Statements

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries (continued)					
Sime Darby Property (Ainsdale) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ampar Tenang) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ara Damansara) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Asset I) Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property (BBR Asset I) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (BBR Asset II) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (BBR Asset III) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (BBR Asset IV) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Jelutong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Raja) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Subang) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (BUP Asset I) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Chemara) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (City of Elmina) Sdn Bhd	Property development	Malaysia	100.0	100.0	1

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For the financial year ended 31 December 2023

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries (continued)					
Sime Darby Property (Convention Centre) Sdn Bhd	Operation of a convention centre	Malaysia	100.0	100.0	1
Sime Darby Property (EBP Asset I) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (Elmina East Asset I) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (Elmina East Asset II) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Elmina Lakeside Mall Power) Sdn Bhd	Distribution and sales of electricity	Malaysia	100.0	-	4
Sime Darby Property (Glades) Sdn Bhd	Property investment, owner and operator of retail spaces	Malaysia	100.0	-	1
Sime Darby Property (Golfhome) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Golftek) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ironwood) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (Kenny Hills) Sdn Bhd (formerly known as Sime Darby Brunsfield Kenny Hills Sdn Bhd)	Property development	Malaysia	100.0	60.0	1
Sime Darby Property (KL East) Sdn Bhd	Property development, property management and property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Provision of management services	Malaysia	100.0	100.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries (continued)					
Sime Darby Property (KLGCC Resort) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lagong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lukut) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (MVV Central) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development and property management	Malaysia	100.0	100.0	1
Sime Darby Property (Nilai Realty) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Oasis Damansara) Sdn Bhd (formerly known as Sime Darby Brunfield Damansara Sdn Bhd)	Property development and property investment	Malaysia	100.0	60.0	1
Sime Darby Property (Oasis Square) Sdn Bhd (formerly known as Sime Darby Brunfield Properties Holding Sdn Bhd)	Property investment and property management services	Malaysia	100.0	60.0	1
Sime Darby Property (Pagoh) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (PJM) Sdn Bhd (formerly known as Sime Darby Brunfield Motorworld Sdn Bhd)	Investment holding	Malaysia	100.0	60.0	1
Sime Darby Property (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Sime Darby Property (Saujana Impian) Sdn Bhd	Property development and property management	Malaysia	100.0	100.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries (continued)					
Sime Darby Property (Senada) Sdn Bhd (formerly known as Sime Darby Brunsfield Resort Sdn Bhd)	Property development	Malaysia	100.0	60.0	1
Sime Darby Property (Selangor) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Serenia City) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (SJ7) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development, property management and property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Investment holding, property development, property investment, owner and operator of a mall	Malaysia	100.0	100.0	1
Sime Darby Property (Utara) Sdn Bhd	Property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	100.0	100.0	1
Sime Darby Property Oasis (Holding) Sdn Bhd (formerly known as Sime Darby Brunsfield Holding Sdn Bhd)	Investment holding, property development and provision of management services	Malaysia	100.0	60.0	1
Sime Darby Property Selatan (Holding) Sdn Bhd	Property development, property investment and investment holding	Malaysia	100.0	100.0	1
Sime Darby Property Selatan Sdn Bhd	Investment holding, asset management and construction	Malaysia	60.0	60.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries (continued)					
Sime Darby Property Selatan Satu Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Dua Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Tiga Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Empat Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Urus Harta Sdn Bhd	Investment holding and property management services	Malaysia	100.0	100.0	1
Sime Darby Property Ventures (MY) Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Property (Capital Holdings) Pte Ltd	Investment holding	Singapore	100.0	100.0	3
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	100.0	100.0	3
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	100.0	100.0	3
Sime Darby Property (Hong Kong) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Property (London) Limited	Property investment holding	United Kingdom	100.0	100.0	3

Notes to the Financial Statements

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Joint ventures					
PJ Midtown Development Sdn Bhd	Property development	Malaysia	50.0	30.0	1
SDPLOG1 (MY Holdings) Sdn Bhd	Investment holding	Malaysia	55.0	55.0	1
Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd	Property investment	Malaysia	50.0	50.0	3
Sime Darby Property MIT Development Sdn Bhd	Investment holding and project management	Malaysia	50.0	50.0	1
Sime Darby Property Sunrise Development Sdn Bhd	Property development	Malaysia	50.0	50.0	1
Aster Real Estate Investment Trust 1	Real estate investment	Singapore	25.0	25.0	3
SDPLOG – IDF 1 (JV Holdings) Pte Ltd	Investment holding	Singapore	51.0	51.0	2
Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP	Trust, funds and other similar activities	Singapore	55.0	55.0	2
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	40.0	40.0	2
Battersea Power Station Development Company Limited	Development management services	United Kingdom	40.0	40.0	2
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	40.0	40.0	2

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Associates					
Kuantan Pahang Holding Sdn Bhd	Investment holding	Malaysia	30.0	30.0	1
Mostyn Development Sdn Bhd	Property development	Malaysia	30.0	30.0	3
Shaw Brothers (M) Sdn Bhd	Investment holding	Malaysia	36.0	36.0	3
Yayasan Sime Darby	Administration of scholarship awards and educational loans and undertake sports, environmental conservation and sustainability projects	Malaysia	@	@	1

@ Yayasan Sime Darby is a company without share capital, limited by guarantee

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries which are dormant/inactive as at 31 December 2023 are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2023	2022	
Subsidiaries				
Sime Darby Builders Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (BBR Industrial I) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (H&L) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Kulai) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Subang Jaya) Sdn Bhd (formerly known as Sime Darby Brunfield Property Sdn Bhd)	Malaysia	100.0	70.0	1
Sime Darby Property (UEP) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	100.0	100.0	1
Superglade Sdn Bhd	Malaysia	100.0	60.0	1
The Glengowrie Rubber Company Sdn Berhad	Malaysia	78.7	78.7	1
Sime Darby Property Real Estate Management Pte Ltd	Singapore	100.0	100.0	3
Key Access Holdings Limited	British Virgin Islands	100.0	100.0	4
Robt Bradford Hobbs Savill Limited	United Kingdom	98.6	98.6	4
Robt Bradford & Co Limited	United Kingdom	100.0	100.0	4

Notes to the Financial Statements

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

The subsidiaries placed under members' voluntary liquidation or deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%)	
		2023	2022
Subsidiaries			
Sime Darby Brunsfield Australia Pte Ltd	British Virgin Islands	-	60.0
Sime Darby Property Ventures (HK) Limited	Hong Kong SAR	-	100.0
Vibernum Limited	Guernsey	-	100.0

Notes:

1. Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
2. Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
3. Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
4. No legal requirements to appoint auditors or newly incorporated entities for which auditors have yet to be appointed.

45 RECLASSIFICATION OF COMPARATIVE

The Group changed its presentation policy on gains or losses arising from a change in fair value of investment property during the year. Such gains or losses are now presented as part of the operating profit in the consolidated statement of profit or loss. The net changes in fair value which forms part of the operating profit is also consistent with the measurement of segment results as disclosed in Note 39 to the financial statements. The reclassification allows for a more comprehensive and better reflection of the performance of the Group's operations which include the investment and asset management segment.

The reclassification had no effect on (1) the profit for the current and previous financial period; (2) retained earnings; (3) statement of financial position; and (4) statement of cash flows.

Notes to the Financial Statements

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45 RECLASSIFICATION OF COMPARATIVE (CONTINUED)

The effect of the reclassification of net changes in fair value on investment properties for the financial year ended 31 December 2022 are as follows:

- i. Reconciliation of statement of profit or loss for the financial year ended 31 December 2022

Group	As previously stated	Reclassi- fication	As restated
Revenue	2,742,136	-	2,742,136
Cost of sales	(1,915,563)	-	(1,915,563)
Gross profit	826,573	-	826,573
Other income/(expenses)	22,368	(51,601)	(29,233)
Marketing and selling expenses	(118,065)	-	(118,065)
Administrative and other expenses	(243,036)	-	(243,036)
Operating profit	487,840	(51,601)	436,239
Share of results of joint ventures	(27,756)	-	(27,756)
Share of results of associates	1,661	-	1,661
Other gains	(11,508)	51,601	40,093
Profit before interest and taxation	450,237	-	450,237
Finance income	105,996	-	105,996
Finance costs	(97,373)	-	(97,373)
Profit before taxation	458,860	-	458,860
Taxation	(147,162)	-	(147,162)
Profit for the financial year	311,698	-	311,698
Other comprehensive income	(140,186)	-	(140,186)
Total comprehensive income for the financial year	171,512	-	171,512
Profit for the financial year attributable to:			
- owners of the Company	315,839	-	315,839
- non-controlling interests	(4,141)	-	(4,141)
	311,698	-	311,698
Total comprehensive income for the financial year attributable to:			
- owners of the Company	175,334	-	175,334
- non-controlling interests	(3,822)	-	(3,822)
	171,512	-	171,512
Basic and diluted earnings per share attributable to owners of the Company (Sen)	4.6		4.6

Notes to the Financial Statements

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46 SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 30 January 2024, the Industrial Development Fund ("IDF"), a joint venture of the Group, held its second closing with additional commitments of RM205.5 million from new limited partners, thus increasing the fund size to RM842.5 million. The Group's interest will be diluted from 55.0% to 32.6% upon the completion of capital calls and redistribution of partnership interests.

Following the execution of a shareholders' agreement with Lagenda Properties Berhad ("Lagenda Properties") to develop affordable homes, the share allotment of Seed Homes Lagenda Sdn Bhd, a 50:50 owned entity by the Group and Lagenda Properties, has been completed on 28 February 2024.

47 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 26 March 2024.

Analysis of Shareholdings

as at 29 March 2024

Issued and Paid-Up Share Capital	: 6,800,839,377
Class of Shares	: Ordinary Shares
Number of Shareholders	: 28,626
Voting Rights	: 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,789	9.743	69,464	0.001
100 to 1,000 shares	6,085	21.257	3,610,764	0.053
1,001 to 10,000 shares	13,862	48.425	53,962,018	0.793
10,001 to 100,000 shares	4,760	16.628	139,794,924	2.056
100,001 to less than 5% of issued shares	1,127	3.937	2,860,727,027	42.064
5% and above of issued shares	3	0.010	3,742,675,180	55.033
TOTAL	28,626	100.00	6,800,839,377	100.00

ANALYSIS OF EQUITY STRUCTURE AS PER THE RECORD OF DEPOSITORS

Category of Holders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individual	23,543	82.243	304,290,975	4.474
Bank/Finance Companies	56	0.196	4,330,566,695	63.677
Investment Trusts/Foundation/Charities	19	0.066	1,864,028	0.027
Industrial and Commercial Companies	514	1.796	122,657,788	1.804
Government Agencies/Institutions	1	0.003	1,065,890	0.016
Nominees	4,491	15.689	2,040,288,726	30.001
Others	2	0.007	105,275	0.002
Trustee	-	-	-	-
TOTAL	28,626	100.00	6,800,839,377	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Shares
1	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	2,969,949,600	43.670	-	-
2	Kumpulan Wang Persaraan (Diperbadankan)	405,670,612	5.965	45,495,200	0.669
3	Permodalan Nasional Berhad	374,183,792	5.502	-	-
4	Yayasan Pelaburan Bumiputra ¹	-	-	374,183,792	5.502

Note:

¹ Deemed interested by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

None of the Directors of the Company has any interest, direct or indirect, in the Company and its related corporations.

TOP THIRTY (30) SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	2,969,949,600	43.670
2	Kumpulan Wang Persaraan (Diperbadankan)	398,541,788	5.860
3	Permodalan Nasional Berhad	374,183,792	5.502
4	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd</i>	193,604,400	2.847
5	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 - Wawasan</i>	138,000,000	2.029
6	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	118,109,900	1.737
7	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	112,897,400	1.660
8	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	110,482,640	1.625
9	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	62,117,527	0.913
10	HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for Kuwait Investment Office (KIO)</i>	60,693,700	0.892
11	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Islamic)</i>	54,184,060	0.797
12	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	53,885,437	0.792
13	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	52,782,849	0.776
14	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank & Trust Company (West CLT OD67)</i>	45,796,100	0.673
15	Guoline (Singapore) Pte Ltd	40,701,700	0.598
16	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 3 - Didik</i>	40,274,300	0.592
17	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank New York (Norges Bank 14)</i>	40,035,265	0.589
18	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	40,000,000	0.588
19	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Norges Bank (FI 17)</i>	39,014,706	0.574
20	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank New York (Norges Bank 22)</i>	35,000,000	0.515
21	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	34,958,090	0.514
22	Quek Leng Chan	33,600,000	0.494
23	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (EDP 2)</i>	33,224,461	0.489
24	Cartaban Nominees (Tempatan) Sdn Bhd <i>Prudential Assurance Malaysia Berhad for Prulink Strategic Fund</i>	31,945,500	0.470
25	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	28,427,388	0.418
26	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	27,213,178	0.400
27	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Manulife Insurance Al-Fauzan (5170)</i>	22,527,500	0.331
28	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)</i>	22,503,400	0.331
29	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)</i>	22,481,200	0.331
30	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 3)</i>	20,767,002	0.305
TOTAL		5,257,902,883	77.313

List of Material Properties Held by the Group

Location	Tenure	Remaining land area (acres)	Year of acquisition	Net book value (RM' thousand)
LAND HELD BY THE GROUP				
MALAYSIA				
Selangor Darul Ehsan				
Subang Jaya City Centre, Subang Jaya	Freehold	22	1964 – 2013	126,969
Melawati Development, Hulu Kelang	Freehold	119	1978	122,352
Elmina West, Sungai Buloh	Freehold	871	1985	257,229
Ara Damansara, Petaling Jaya	Freehold	44	1985	44,624
Elmina Business Park, Rawang	Freehold	1,161	1985	251,826
Elmina East, Sungai Buloh	Freehold	172	1985	66,548
Bukit Jelutong, Shah Alam	Freehold	123	1985	95,019
Bukit Lagong, Rawang	Freehold	1,487	1985	63,141
Taipan City, Subang	Freehold	30	1992	245,357
Putra Heights, Subang Jaya	Freehold	37	1992	124,845
Bandar Bukit Raja, Klang	Freehold	1,324	1995	104,862
Serenia City, Sepang	Freehold	809	2008	65,352
Bandar Bukit Raja X, Klang	Freehold	827	2023	524,384
Negeri Sembilan Darul Khusus				
Nilai Impian/Utama, Nilai	Freehold	353	1992 – 1996	292,587
New Labu/Labu/Kirby, Nilai*	Freehold	1,897	1995 – 2017	702,781
Bandar Hamilton Nilai City, Nilai*	Freehold	400		40,466
Bandar Ainsdale, Seremban*	Freehold	124		214,152
MVV Central, Seremban	Freehold	760	2023	315,167
Kuala Lumpur				
Bukit Kiara	Leasehold expiring 2111	35	1991	445,131
Johor Darul Takzim				
Pagoh, Muar	Leasehold expiring 2111	2,143	2012	330,225
Kedah Darul Aman				
Jerai, Kuala Muda	Freehold	643	1985 – 2007	30,238

* Formerly included under New Labu/Sg Sekah/Hamilton Nilai City, Nilai with total land area of 2,889 acres and net book value of RM963.5 million in 2022

Location	Tenure	Land area (acres)	Year of acquisition/ completion	Age of building (Years)	Description	Net book value (RM' thousand)
INVESTMENT PROPERTIES & OFFICES						
MALAYSIA						
Kuala Lumpur						
Wisma MRT, Damansara Heights	Freehold	1	1985	41	5-storey office building	38,000
Taman Melawati	Freehold	7	2015	-	Land leased for college purposes	31,195
KL East Mall, Taman Melawati	Freehold	7	2020	4	4-storey shopping mall with car park	361,890
Senada Mall, Bukit Kiara	Leasehold expiring 2111	6	Construction in progress	-	5-storey shopping mall with car park	137,117
Selangor Darul Ehsan						
Sime Darby Pavilion, Bukit Jelutong	Freehold	7	1999	25	3-storey commercial building	59,958
Wisma Zuellig, Petaling Jaya	Leasehold expiring 2059	3	2000	31	6-storey building for medical facilities	37,941
Oasis Square, Ara Damansara	Freehold	3	2010	14	2 blocks of 12-storey office building with car park	215,108
The Glades Plaza, Subang Jaya [^]	Freehold	2	2014	9	3-storey commercial building	22,000
Oasis Corporate Park, Ara Damansara	Freehold	10	2017	7	Car park	37,000
Bandar Bukit Raja X, Klang	Freehold	122	2023	-	Land leased for plantation purposes	116,010
Elmina Lakeside Mall, City of Elmina	Freehold	13	Construction in progress	-	Single-storey shopping mall under construction	89,583
Elmina Office and Sales Gallery	Freehold	5	Construction in progress	-	Office and sales gallery	26,692
Kedah Darul Aman						
Jerai Estate and Harvard Suasana Resort, Kuala Muda	Freehold	374	1985 - 2007	24	Land and building leased for hotel and golf resort, land lease for plantation purposes and vacant land	60,265
LEISURE PROPERTIES						
MALAYSIA						
Kuala Lumpur						
Kuala Lumpur Golf & Country Club, Bukit Kiara	Leasehold expiring 2087	279	1991	13-31	36-hole golf course and clubhouse	238,558
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2111	4	2006	18	5-storey multi-purpose convention and business centre	83,537
Selangor Darul Ehsan						
Impian Golf & Country Club, Kajang	Freehold	142	1997	27	18-hole golf course and country club	53,978
Bayuemas Sports and Events Complex, Kota Bayuemas	Freehold	22	2004	13 - 20	Cricket club and lawn bowl sports facilities	33,642

[^] Previously classified under inventories prior to 2023

Independent Assurance Report



Independent Limited Assurance Report to the Board of Directors of Sime Darby Property Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

To the Board of Directors of Sime Darby Property Berhad

We have been engaged by Sime Darby Property Berhad (“SDP” or “the Company”) to perform an independent limited assurance engagement on selected material sustainability indicators (the “Subject Matter Information”) as report by the Company in its Sustainability Report for the year ended 31 December 2023 as defined below and marked with the symbol “*” in SDP’s Sustainability Report 2023.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information for the financial year ended 31 December 2023, is not prepared, in all material respects, in accordance with the Reporting Criteria.

Subject Matter Information

The Subject Matter Information reported in the Company’s Sustainability Report on which we provide limited assurance comprise the below:

Subject Matter Information		Reporting period 1 January to 31 December 2023
Anti-corruption	Percentage of operations assessed for corruption-related risks	100%
Energy management	Total energy consumption	83,306.24 GJ
Supply chain management	Proportion of spending on local suppliers	99.83%
Health and safety	Number of employees trained on health and safety standards	412 pax
Waste management	Total waste generated, and a breakdown of the following: (a) Waste diverted from disposal (b) Waste directed to disposal	14,402.01 tonnes 3,580.15 tonnes 10,821.86 tonnes
Emissions management	Scope 1 emissions in tonnes of CO ₂ e	537.15 tCO ₂ e
	Scope 2 emissions in tonnes of CO ₂ e	15,849.50 tCO ₂ e

Our assurance was with respect to the financial year ended 31 December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Company’s Sustainability Report 2023, or other information accompanying the said document and, therefore, we do not express any conclusion thereon.



Independent Limited Assurance Report to the Board of Directors of Sime Darby Property Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which the Company is solely responsible for selecting and applying. The Reporting Criteria used for the reporting of the Subject Matter Information are set out below:

Reporting period	Reporting Criteria
1 January to 31 December 2023	Sustainability Reporting Guide (3 rd Edition) issued by Bursa Malaysia Securities Berhad

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, evaluation and measurement basis that can affect comparability between entities over time.

Responsibilities of the Directors and Management

Management of the Company is responsible for the preparation of the Subject Matter Information in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Company’s Sustainability Report as well as the design, implementation and maintenance of internal controls relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by the Company which are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company’s sustainability reporting process.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (“ISAE”) 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our limited assurance report should therefore be read in conjunction with the Reporting Criteria on the reporting of the Subject Matter Information for the financial year ended 31 December 2023.

A limited assurance engagement involves assessing the suitability in the circumstances of SDP’s use of the Reporting Criteria as the basis for the preparation of the Subject Matter, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Independent Assurance Report



Independent Limited Assurance Report to the Board of Directors of Sime Darby Property Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Main Assurance Procedures

Our work included the following procedures:

- Considered the suitability in the circumstances of the Company’s Reporting Criteria as the basis for preparing the Subject Matter Information;
- Inquired the personnel responsible for data collection, collation and reporting of the Subject Matter Information at the corporate and operating unit level to obtain understanding of the Company’s control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- Performed limited substantive testing on a sample basis on transactions included in the Subject Matter Information to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported, by:
 - a. agreeing the transaction amount to external and/or internal documents, for the Subject Matter Information as follows;

Subject Matter Information	Examples of documentary evidence
Percentage of operations assessed for corruption-related risks	Quarterly corruption risk assessment
Total energy consumption	Electricity bill, LPG meter readings, fuel usage form
Number of employees trained on health and safety standards	Proof of attendance, training content
Proportion of spending on local suppliers	Procurement spend report, incorporation certificate of company
Total waste generated, and a breakdown of the following: <ol style="list-style-type: none"> i. Total waste diverted from disposal ii. Total waste directed to disposal 	Waste collection receipts
Scope 1 emissions in tonnes of CO ₂ e	LPG meter readings, fuel usage form
Scope 2 emissions in tonnes of CO ₂ e	Electricity bill



Independent Limited Assurance Report to the Board of Directors of Sime Darby Property Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

Main Assurance Procedures (cont'd)

- b. checking the transactions reported against the eligible criteria as set out in the Reporting Criteria.
- Considered the presentation and disclosure of the Subject Matter Information in the Company's Sustainability Report 2023.

Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

This report, including the conclusion, has been prepared solely for the Board of Directors of Sime Darby Property Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by the Company in its Sustainability Report 2023 and should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Company's Sustainability Report 2023 to be disclosed on the website of the Company at <https://www.simedarbyproperty.com/sustainability> and <https://www.simedarbyproperty.com/investor-relations/annual-report>, in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information for the financial year ended 31 December 2023. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
8 April 2024

Corporate Directory

CORPORATE HEAD OFFICE

Sime Darby Property Berhad

Level 10, Block G
No.2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7849 5000

RETAIL & PROPERTY INVESTMENT

KL East Mall

Level 1, Centre Management Office
KL East Mall
823, Jalan Lingkaran Tengah 2
KL Timur
53100 Kuala Lumpur
Tel: +603-7455 9528

Melawati Mall

UP2-01, Centre Management Office
Melawati Mall
355, Jalan Bandar Melawati
Pusat Bandar Melawati
53100 Kuala Lumpur
Tel: +603-4161 8720

The Glades Plaza

Level 10, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7849 5000

HOSPITALITY AND LEISURE

Kuala Lumpur Golf & Country Club

10, Jalan 1/70D
Off Jalan Bukit Kiara
60000 Kuala Lumpur
Tel: +603-2011 9188

Sime Darby Convention Centre

1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur
Tel: +603-2011 9188

Impian Golf & Country Club

14th Miles, Jalan Cheras
43000 Kajang Selangor
Tel: +603-8734 4195

SUBSIDIARIES

Sime Darby Property Selatan Sdn Bhd (HQ)

Level 9, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7455 9552

Sime Darby Property Selatan Sdn Bhd (Site Office)

Asset Management Services Office
Multi-Purpose Hall, Shared Facilities
Pagoh Higher Education Hub
84600 Muar
Johor
Tel : +606-9742 406

OVERSEAS

Battersea Power Station Development Company

No. 1 Village Courtyard
Circus West Village
Battersea Power Station
London, SW11 8AH
Tel: (+44) 20 7501 0688

SIME DARBY PROPERTY SALES GALLERIES (including Joint Ventures and Associates)

KUALA LUMPUR

KL East Sales Gallery

Off Middle Ring Road 2
Desa Melawati
53100 Kuala Lumpur
Tel: +603-7455 9503

The International Gallery at KLGCC Resort

2A, Jalan Bukit Kiara 1
Bukit Kiara
60000 Kuala Lumpur
Tel: +603-2080 9088

SELANGOR

Ara Damansara Sales Gallery

Jalan PJU 1A/A, Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7849 5511

Elmina Pavilion

Persiaran Eserina
Elmina East Sek U16
40160 Shah Alam
Selangor Darul Ehsan
Tel: +603-7831 2253

SJCC Gallery

Jalan SS 16/1
47500 Subang Jaya
Selangor Darul Ehsan
Tel: +603-5631 8888

Putra Heights Sales Gallery

Level 2, The Glades Plaza
Off Persiaran Putra Perdana
Putra Heights
47500, Subang Jaya
Selangor Darul Ehsan
Tel: +603-5198 0888

Bandar Bukit Raja Sales Gallery

1E, Jalan Gamelan
Bandar Bukit Raja
41200 Klang
Selangor Darul Ehsan
Tel: +603-3361 7288

Serenia City Sales Gallery

Lot 27999
Jalan Pintas Dengkil-Putrajaya (FT29)
Bandar Serenia
43900 Sepang
Selangor Darul Ehsan
Tel: +603-8760 0505

NEGERI SEMBILAN

Nilai Impian Sales Gallery

No. 1, Persiaran Nilai Impian 3
Nilai Impian
71800 Nilai
Negeri Sembilan
Tel: +606-794 8383

Bandar Ainsdale Sales Gallery

No.1, Jalan Ainsdale 1/1
Bandar Ainsdale
70300 Seremban
Negeri Sembilan
Tel: +606-761 2778

Planters' Haven Sales Gallery

No. 1, Persiaran Nilai Impian 3
Nilai Impian
71800 Nilai
Negeri Sembilan
Tel: +606-794 8383

JOHOR

Bandar Universiti Pagoh Sales Gallery

KM25, Jalan Pagoh
Pagoh
84600 Muar
Johor
Tel: +606-984 2222

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-First Annual General Meeting (“51st AGM”) of Sime Darby Property Berhad (“Sime Darby Property” or “Company”) will be held virtually via online meeting platform at <https://investor.boardroomlimited.com> and at the Ballroom 1, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue** on Monday, 20 May 2024 at 10.00 a.m. for the transaction of the following Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon.
Refer to Explanatory Note 1
2. To re-elect the following Directors who retire by rotation in accordance with Rule 111 of the Constitution of the Company and being eligible, offer themselves for re-election:

(i) Dato’ Seri Ahmad Johan Mohammad Raslan	(Resolution 1)
(ii) Mohamed Ridza Mohamed Abdulla	(Resolution 2)
(iii) Dr. Lisa Lim Poh Lin	(Resolution 3)

Refer to Explanatory Note 2
3. To re-elect Nur Farahbi Shaari who retires by rotation in accordance with Rule 92.3 of the Constitution of the Company and being eligible, offer herself for re-election.
Refer to Explanatory Note 3 **(Resolution 4)**
4. To approve the payment of fees to the Non-Executive Directors for the period from 21 May 2024 until the next AGM of the Company to be held in year 2025.
Refer to Explanatory Note 4 **(Resolution 5)**
5. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM500,000 for the period from 21 May 2024 until the next AGM of the Company to be held in year 2025.
Refer to Explanatory Note 5 **(Resolution 6)**
6. To re-appoint PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to determine their remuneration.
Refer to Explanatory Note 6 **(Resolution 7)**
7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend, speak and vote at this 51st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 76 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 10 May 2024. Only a depositor whose name appears on the Record of Depositors as at 10 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

BY ORDER OF THE BOARD

Noreen Melini Muzamli

Group Company Secretary
(SSM PC No. 201908002218)
(LS 0008290)

Petaling Jaya
19 April 2024

Notice of Annual General Meeting

NOTES:

1. Registration for Remote Participation and Electronic Voting ("RPEV") Facilities

- 1.1 The 51st AGM will be conducted on a **virtual basis through live streaming and online remote voting** via RPEV facilities at <https://investor.boardroomlimited.com>. Members can attend, participate and vote in the meeting remotely or online using the RPEV facilities. Please follow the procedures provided in the Administrative Details for the 51st AGM to register, participate and vote remotely via the RPEV facilities.
- 1.2 The Broadcast Venue of the 51st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("Act") which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholder(s), proxy(ies), authorised representative(s) or attorney(s) will be physically present at the Broadcast venue on the day of the meeting.

2. Submission of questions before and during the meeting

- 2.1 Members may submit questions in relation to the agenda items for the 51st AGM prior to the meeting via Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> not later than Saturday, 18 May 2024. The responses to these questions will be shared at the 51st AGM.
- 2.2 During the 51st AGM live streaming, Members may also pose questions via real time submission of typed texts at BSIP. The Messaging window facility will be opened concurrently with the Meeting Platform (i.e. one hour before the 51st AGM from 9.00 a.m. on Monday, 20 May 2024). The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

3. Proxy

- 3.1 A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

- 3.2 A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
- 3.3 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 51st AGM of the Company shall be put to vote by way of a poll.
- 3.4 Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
- 3.5 Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
- 3.6 The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

3.7 The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

(i) In Hardcopy Form

The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Poll Administrator's office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding this AGM or no later than 18 May 2024 at 10.00 a.m.

(ii) By Electronic Form

The Proxy Form can be electronically submitted via <https://investor.boardroomlimited.com> or by sending it via email to bsr.helpdesk@boardroomlimited.com (Kindly refer to the Administrative Details).

3.8 Only Members registered in the Record of Depositors as at 10 May 2024 shall be entitled to attend, speak and vote at the 51st AGM or appoint a proxy(ies) to attend and vote on their behalf.

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 31 December 2023

The Audited Financial Statements are laid before the shareholders pursuant to the provisions of Section 266(1) (a) and Section 340(1)(a) of the Act for discussion only and will not be put forward for voting.

2. Ordinary Resolutions 1 to 3:

Re-election of Directors in accordance with Rule 111 of the Constitution

Rule 111 of the Constitution expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, Rule 112 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Dato' Seri Ahmad Johan Mohammad Raslan, Mohamed Ridza Mohamed Abdulla and Dr. Lisa Lim Poh Lin are due to retire at the 51st AGM in accordance with Rule 111 of the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 51st AGM, the Board through its Nomination and Remuneration Committee ("NRC"), had assessed each of the retiring Directors, and considered the following:

- (i) The Directors' performance and contribution based on the results of the Self and Peer Assessment of the Board Effectiveness Evaluation 2023;
- (ii) The Directors' level of contribution to the Board deliberations through their skills, experience and strength in qualities as well as their effective leadership as chairperson of the respective Board Committees;
- (iii) The level of independence demonstrated by the Independent Director and their ability to act in the best interests of the Company in decision-making;
- (iv) The Directors have the character, integrity, experience and competence, as well as fit and properness to discharge their role effectively; and
- (v) The Directors' ability to commit and devote adequate time to fulfil their responsibilities effectively.

Dato' Seri Ahmad Johan Mohammad Raslan, Mohamed Ridza Mohamed Abdulla and Dr. Lisa Lim Poh Lin, being eligible, have offered themselves for re-election at the 51st AGM.

Based on the aforesaid assessment, the Board and the NRC are satisfied that the individual Directors (including the retiring Directors) have met the performance criteria required of an effective and high-performance Board and the Board's expectations by continuously discharging their duties diligently as Directors of the Company. In addition, the Non-Executive Directors ("NEDs") have provided annual declaration/confirmation of independence and, fit and proper, respectively. Accordingly, the Board recommends the re-election of Dato' Seri Ahmad Johan Mohammad Raslan, Mohamed Ridza Mohamed Abdulla and Dr. Lisa Lim Poh Lin at the 51st AGM.

All Directors standing for re-election under Rule 111 of the Constitution have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

The profile of the retiring Directors are set out on pages 193, 195 and 197, respectively, in the Company's Integrated Report.

Notice of Annual General Meeting

3. Ordinary Resolution 4:

Re-election of Director in accordance with Rule 92.3 of the Constitution

Rule 92.3 of the Constitution provides that any Director appointed during the year shall hold office only until the next AGM and shall be eligible for re-election. The Director shall not be taken into account in determining the Directors to retire by rotation at the AGM.

Nur Farahbi Shaari, who was appointed on 1 September 2023, shall hold office until the 51st AGM and shall then be eligible for re-election in accordance with Rule 92.3 of the Constitution.

Nur Farahbi Shaari has abstained from deliberations and decisions on her own eligibility to stand for re-election at the Board meetings and will continue to abstain from deliberations and decisions on her own eligibility to stand for re-election at this AGM.

The profile of Nur Farahbi Shaari is set out on page 198 in the Company's Integrated Report.

4. Ordinary Resolution 5:

Payment of Directors' Fees to the NEDs for the period from 21 May 2024 until the next AGM of the Company to be held in year 2025

Pursuant to Section 230(1) of the Act, any "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Rule 94.1 of the Constitution of the Company further provides that the fees and benefits payable to the NEDs shall be subject to annual shareholders' approval at a general meeting.

The Company had, at its Fiftieth AGM ("50th AGM"), obtained approval from the shareholders in respect of the payment of Directors' fees to the NEDs for the period from 25 May 2023 until the 51st AGM.

The NRC had continued to carry out an annual review of the Directors' remuneration with the view to ensure that the proposed fees for the Board and Board Committees of the Company remain competitive to attract and retain high calibre individuals, to commensurate with the level of responsibilities and expected commitments of the NEDs on the Company's Board and Board Committees with reference to their statutory duties, the complexity of the Group's businesses and increased expectations from various stakeholders. The last engagement of an external consultant was in 2019 to review the overall Directors' Remuneration Framework and provide the NRC with an objective and independent perspective. The next independent review exercise is planned to be carried out in the second half of 2024 to ascertain the competitiveness of the Board remuneration against its peers as well as market.

Based on the recommendation from the NRC, the Board had, on 22 February 2024, agreed that the proposed fees payable to the NEDs shall remain unchanged, as they are still current, relevant and competitive as set out in the table below:

	Board (RM/Year)	Board Committees (RM/Year)
Chairman	540,000	70,000
Member	220,000	40,000

Shareholders' approval is hereby sought under Resolution 5 on the payment of NEDs' fees for the period from 21 May 2024 until the next AGM of the Company to be held in year 2025. If passed, it will give approval to the Company to continue paying the NEDs' fees on a monthly basis after the AGM for their services on the Board and Board Committees.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 5 concerning the remuneration to the NEDs at the 51st AGM.

The remuneration of each Director is set out in the Corporate Governance Report on page 69.

5. Ordinary Resolution 6:

Payment of Benefits Payable to the NEDs up to an amount of RM500,000 for the period from 21 May 2024 until the next AGM of the Company to be held in year 2025

The Company had, at its 50th AGM held on 24 May 2023, obtained approval from the shareholders in respect of the payment of benefits to the NEDs up to an amount of RM500,000 for the period from 25 May 2023 until the 51st AGM comprising, amongst others, the following key benefits:

- Telecommunication devices/facilities
- Club membership subscription
- Medical and insurance coverage
- Discount on purchases of Group/Company products
- Use of local holiday bungalow and apartments maintained by Sime Darby Property Group
- Other claimable benefits incurred in the course of carrying out their duties as Directors

The payment of benefits for the NEDs for the said period did not exceed RM500,000.

Based on the review of the current Remuneration Framework, the Company is seeking shareholders' approval for the same approval limit as obtained in the preceding AGM in respect of the amount of benefits payable to the NEDs of up to RM500,000 at the 51st AGM.

If the proposed Resolution 6 is passed, the payment of benefits to the NEDs will be made as and when incurred.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 6 concerning the remuneration to the NEDs at the 51st AGM.

6. Ordinary Resolution 7:

Re-appointment of Auditors

The Audit Committee ("AC") had conducted a re-tendering exercise of the external audit service in early 2024 with the aim of ensuring the best quality and most effective audit, as well as, to provide a benchmark in ensuring the fees quoted remained competitive and aligned to market. Proposals were invited from shortlisted firms of external auditors to compare, inter alia, their attention to audit quality, independence, industry experience, adequacy of resources and team competencies, and fees level.

The AC had, at its meeting held on 21 March 2024, deliberated on the re-tendering results and agreed that PricewaterhouseCoopers PLT ("PwC") be selected and recommended for reappointment as the external auditors of Sime Darby Property. The AC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Sime Darby Property Group. The AC was also satisfied in its review that the provisions of non-audit services by PwC to the Company for the financial year 2023 did not in any way impair their objectivity and independence as external auditors of Sime Darby Property.

The Board had, at its special meeting held on 26 March 2024, approved the AC's recommendation for the shareholders' approval to be sought at the 51st AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 31 December 2024, under Resolution 7. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.



Statement Accompanying Notice of the Fifty-First Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The details of the Directors' interest in the securities of the Company as at 29 March 2024 are stated in the "Analysis of Shareholdings" section in the Company's Integrated Report.

The profile of the Directors who are standing for re-election (as per Resolutions 1 to 4 as stated above) at the Fifty-First Annual General Meeting of Sime Darby Property Berhad are set out in the "Board of Directors' Profile" section in the Company's Integrated Report.

Administrative Details

for the Fifty-First Annual General Meeting of Sime Darby Property Berhad

Date	: Monday, 20 May 2024
Time	: 10.00 a.m.
Broadcast Venue	: Ballroom 1, First Floor Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur, Malaysia
Online Platform	: https://investor.boardroomlimited.com with Remote Participation Platform and Electronic Voting Facilities (provided by Boardroom Share Registrars Sdn Bhd)

1. Virtual Fifty-First Annual General Meeting

The Company will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the Fifty-First Annual General Meeting ("51st AGM") on **a virtual basis through live streaming and online remote voting** via Remote Participation and Electronic Voting ("RPEV") facilities which are available at <https://investor.boardroomlimited.com> provided and operated by Boardroom Share Registrars Sdn Bhd ("Boardroom").

The Broadcast Venue of the 51st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholder(s), proxy(ies), authorised representative(s) or attorney(s) will be physically present at the Broadcast Venue on the day of the meeting.

2. General Meeting Record of Depositors

Only members whose names appear on the Record of Depositors as at 10 May 2024 ("General Meeting ROD") shall be eligible to attend, speak and vote at the 51st AGM or appoint a proxy(ies) to attend and vote on his/her behalf.

3. RPEV Facilities

Shareholders and proxies are advised to log in to the Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> for the following services:

- i) Register to participate at the virtual AGM
- ii) Submit proxy form electronically
- iii) Submit questions prior to the virtual AGM

Your login to BSIP on the day of the 51st AGM will indicate your presence at the virtual meeting.

The quality of the connectivity to the RPEV facilities for live webcast as well as for electronic voting is highly dependent on the bandwidth and stability of the internet connection at your location and the device of the remote participants.

The recommended requirement for live webcast is as follows:

- i) Browser : Latest versions of Chrome, Firefox, Edge, Safari or Opera
- ii) Bandwidth : Minimum 9 Mbps stable speed for High Definition (HD) High Quality video quality or 12 Mbps for Extra HD (EHD) video quality
- iii) Device with working and good quality speakers.

You may not be able to gain access to the 51st AGM via the RPEV facilities if your connecting device is on network with firewall and other security filtration. Kindly seek onsite IT/technical support, if required.

Administrative Details

for the Fifty-First Annual General Meeting of Sime Darby Property Berhad

4. Registration for Remote Participation

Shareholders are invited to attend the 51st AGM to exercise your right to attend, participate and vote at the 51st AGM remotely by using the RPEV facilities. Kindly refer to the following steps:

PROCEDURES		ACTIONS
Before the day of the AGM		
Step (1)	Register online with BSIP for Individual and Corporate Shareholder	<p>(Note : For first time registration only If you have already signed up with BSIP, you are not required to register again. You may proceed to Step (2) – Submit Request for Remote Participation)</p> <ol style="list-style-type: none"> Access the website https://investor.boardroomlimited.com Click 'Register' to sign up as a user Select 'Account Type' to 'Sign Up As Shareholder' or 'Sign Up As Corporate Holder' Complete registration and upload compulsory documents such as softcopy of MyKad (front and back) or passport and authorisation letter (template available on the BSIP) for Corporate Shareholder Enter a valid mobile number and email address You will receive an email from BSIP for email address verification. Click 'Verify Email Address' in the email received to continue with the registration Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click 'Request OTP Code' and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click 'Enter' to complete the process Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. Your registration will be verified and approved within one (1) business day and an email notification will be provided
Step (2)	Submit request for remote participation	<p>(Note : You must be a registered BSIP user. Otherwise, please refer to Step (1))</p> <p>The registration for RPEV facilities will open on Friday, 19 April 2024 until such time before the voting session ends at the 51st AGM on Monday, 20 May 2024 ("Registration Deadline").</p> <p>The instrument appointing a proxy must be received latest by Saturday, 18 May 2024 at 10.00 a.m. ("Proxy Lodgement Deadline")</p> <p>For Individual and Corporate Shareholders</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com Click 'Meeting Event(s)' and select the list of companies – 'SIME DARBY PROPERTY BERHAD 51ST ANNUAL GENERAL MEETING' and click 'Enter' To attend the virtual AGM remotely <ul style="list-style-type: none"> Click 'Register for RPEV' Read and accept the General Terms and Conditions and enter your CDS account no. to submit your request To appoint proxy <ul style="list-style-type: none"> Click 'Submit eProxy Form' For Corporate Shareholder, select the company you would like to represent (if more than one) Read and accept the General Terms and Conditions and enter your CDS account no. Thereafter, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate 'Discretionary'

PROCEDURES		ACTIONS
Before the day of the AGM (continued)		
Step (2)	Submit request for remote participation	<p>For Authorised Nominees and Exempt Authorised Nominees</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com Click 'Meeting Event(s)' and select the list of companies – 'SIME DARBY PROPERTY BERHAD 51ST ANNUAL GENERAL MEETING' and click 'Enter' Click 'Submit eProxy Form' Select the company you would like to represent (if more than one) Proceed to download the file format for 'Submission of Proxy Form' Prepare the file for appointment of proxy(ies) by inserting the required data Proceed to upload the duly completed Proxy Appointment file Review and confirm your proxy(ies) appointment(s) and click 'Submit' Download or print the eProxy form as acknowledgement <p>For Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys, you may also write to bsr.helpdesk@boardroomlimited.com and provide name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required.</p>
Step (3)	Verification and email notification	<p>For Individual Shareholders, Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys</p> <ol style="list-style-type: none"> An email notification will be sent by Boardroom to notify that your request for remote participation has been received for system verification. Upon verification against the General Meeting Record of Depositors, you will receive an email from Boardroom on the day prior to the 51st AGM, i.e. Sunday 19 May 2024 either approving or rejecting your request for remote participation.
On the day of the AGM		
Step (4)	Login	<ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com with your registered email address and password. Meeting platform will be made available at any time from 9.00 a.m. i.e. one hour before the commencement of the 51st AGM at 10.00 a.m. on 20 May 2024. Click into 'Meeting Event(s)' and go to 'SIME DARBY PROPERTY BERHAD 51ST ANNUAL GENERAL MEETING' and then click 'Join Live Meeting' to join the proceedings of the 51st AGM remotely.
	Participate	<ol style="list-style-type: none"> Please follow the user guides in BSIP to view the live webcast, submit questions and vote To view the live webcast, select the broadcast icon  To ask a question during the 51st AGM, select the messaging icon . Type your question in the chat box and click the send button to submit.
	Vote	<ol style="list-style-type: none"> Once voting has commenced, the polling icon  will appear with the resolutions and voting choices until such time that the Chairman declares an end to the voting season. To vote, select your voting preference from the options provided. A confirmation message will appear to indicate that your vote has been received. To change your vote, re-select your voting preference. If you wish to cancel your vote, please press 'Cancel'.
	End	Upon declaration by the Chairman of the closure of the 51st AGM, the live webcast will end.

Administrative Details

for the Fifty-First Annual General Meeting of Sime Darby Property Berhad

5. Appointment of Proxy or Attorney

Shareholders who appoint proxy or attorney or authorised representative to participate via RPEV facilities at the 51st AGM must ensure that the duly executed Proxy Form is deposited in a hard copy form or by electronic means to Boardroom not later than Saturday, 18 May 2024 at 10.00 a.m.

The appointment of a proxy may be made in a hardcopy form or by electronic means in the following manner:

i) In Hardcopy Form

The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Poll Administrator's office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

ii) By Electronic Form

The Proxy Form can be electronically submitted via <https://investor.boardroomlimited.com> or by sending it via email to bsr.helpdesk@boardroomlimited.com

Kindly refer to the Procedures under item (4) above.

Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

If a shareholder has submitted his/her Proxy Form prior to the 51st AGM and subsequently decides to appoint another person or wishes to participate in the virtual AGM by himself/herself, please revoke the appointment of proxy/proxies at least forty-eight (48) hours before the 51st AGM. Please find the below step for revocation on eProxy form or physical Proxy Form:

eProxy Form
<ul style="list-style-type: none"> Click 'Meeting Event(s)' and select the list of companies – 'SIME DARBY PROPERTY BERHAD 51ST ANNUAL GENERAL MEETING' from the list of companies and click 'Enter'. Go to 'PROXY' and click on 'Submit Another eProxy Form'. Go to 'Submitted eProxy Form List' and click 'View' for the eProxy form. Click 'Cancel/Revoke' at the bottom of the eProxy form. Click 'Proceed' to confirm.
Physical Proxy Form
Please write in to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy/proxies.

Upon revocation, proxy/proxies appointed earlier will not be allowed to participate at the 51st AGM. In such event, shareholders should advise their proxy/proxies accordingly.

6. Corporate Representative

For a corporate shareholder who has appointed a representative, please deposit the ORIGINAL Certificate of Appointment at the Poll Administrator's office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than Saturday, 18 May 2024 at 10.00 a.m.

The Certificate of Appointment should be executed in the following manner:

- i) If the corporate shareholder has a common seal, the Certificate of Appointment should be executed under the common seal in accordance with the constitution of the corporate shareholder.

- ii) If the corporate shareholder does not have a common seal, the Certificate of Appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - a) at least two (2) authorised officers, of whom one shall be a director; or
 - b) any director and/or authorised officers in accordance with the laws of the country under which the corporate shareholder is incorporated.

7. Submission of Questions for the 51st AGM

The Board recognises that the 51st AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 51st AGM, shareholders may in advance, before the 51st AGM, submit questions to the Board of Directors as follows:

i) Prior to 51st AGM

Shareholders may submit questions in relation to the agenda items for the 51st AGM via Boardroom Smart investor Portal at <https://investor.boardroomlimited.com> not later than Saturday, 18 May 2024 at 10.00 a.m. Click 'Submit Questions' after selecting 'SIME DARBY PROPERTY BERHAD 51ST ANNUAL GENERAL MEETING' from 'Meeting Event(s)'. The responses to these questions will be shared at the 51st AGM.

ii) During the meeting

During the 51st AGM live streaming, Members may also pose questions via real time submission of typed texts at BSIP. The Messaging window facility will be opened concurrently with the Meeting Platform (i.e. one hour before the 51st AGM from 9.00 a.m. on Monday, 20 May 2024). The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

8. Poll Voting

The voting at the 51st AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Company has appointed Boardroom as Poll Administrator to conduct the poll by way of online voting. Kindly note that the online voting session will commence from the start of the 51st AGM at 10.00 a.m. until such time when the Chairman announces the end of the voting session. This is in line with the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which states that members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.

The Company has also appointed Coopers Professional Scrutineers Sdn Bhd as Independent Scrutineer to verify the poll results.

The resolutions proposed at the 51st AGM and the results of the voting will be announced at the 51st AGM and subsequently via an announcement made by the Company through Bursa Securities at www.bursamalaysia.com.

9. No recording or photography

No recording or photography of the 51st AGM is allowed without the prior written permission of the Company.

Administrative Details

for the Fifty-First Annual General Meeting of Sime Darby Property Berhad

10. Integrated Report and Other Documents

The following documents can be downloaded from the Company's website www.simedarbyproperty.com:

- i) Integrated Report 2023
- ii) Sustainability Report 2023
- iii) Corporate Governance Report 2023
- iv) Notice of 51st AGM
- v) Proxy Form
- vi) Administrative Details
- vii) Request Form
- viii) Notice to Shareholders and Proxies under the PDPA 2010

The Integrated Report is also available on Bursa Securities website at www.bursamalaysia.com under Company's announcements.

In consideration of the environment, we have reduced substantially the number of printed copies of the Integrated Report 2023, and we strongly encourage our shareholders to refer to the document available online. Nevertheless, in the event that you still require a hard copy, you may request by completing the Request Form and sending it to the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at the address as stated in the Request Form. Alternatively, you may submit your request through online website of Tricor at <https://tjih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services".

11. No gift(s) or food voucher(s)

There will be no distribution of gift(s) or food voucher(s) to shareholders/proxies who participated in the 51st AGM.

12. Enquiry

If you have any enquiry prior to the 51st AGM or require technical assistance to participate in the virtual AGM, please contact the Poll Administrator, Boardroom during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.) except public holiday:

- i) Tel No. : +603 – 7890 4700 (Helpdesk)
- ii) Fax No. : +603 – 7890 4670
- iii) Email : bsr.helpdesk@boardroomlimited.com
- iv) Officer : Cik Nursyahirah binti Che Rahimi

If you have any enquiry in relation to the request of hardcopy of the Integrated Report, please contact the Company's Share Registrar, Tricor during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.) except public holiday:

- i) Tel No. : +603 – 2783 9299
- ii) Fax No. : +603 – 2783 9222
- iii) Email : is.enquiry@my.tricorglobal.com
- iv) Officers : Mr. Allen Sii (+603 – 2783 9263 / Allen.Sii@my.tricorglobal.com)
Puan Zakiah Wardi (+603 – 2783 9287 / Zakiah@my.tricorglobal.com)
Cik Dina Qistina Zulkanain (+603 – 2783 9165 / Dina.Qistina@my.tricorglobal.com)

In the event that any new procedures, guidelines or measures may affect the administration of the 51st AGM as set out in this Administrative Details and requiring material change to the proceedings of the meeting, the Company will issue an announcement on the same accordingly. Kindly check the Company's website or announcements for the latest updates on the status of the 51st AGM. You may also contact the above Officers for information.

13. PERSONAL DATA PRIVACY NOTICE

By registering for the RPEV and/or submitting the instrument appointing a proxy(ies) and/or representative(s), you consent to Sime Darby Property Berhad processing your personal data in the manner stipulated in the Notice to Shareholders and Proxies under the Personal Data Protection Act 2010 as set out in <https://www.simedarbyproperty.com/investor-relations/shareholders> and warrant that consent of the proxy(ies) and/or representative(s) whose personal data you have provided has also been obtained accordingly and that they have been informed of the privacy notice.

PROXY FORM

SIME DARBY PROPERTY BERHAD

Registration No. 197301002148 (15631-P)
(Incorporated in Malaysia)

Number of ordinary shares held	CDS Account No.									

I/We _____
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. _____) of _____
(ADDRESS)

_____ (ADDRESS)

Tel. No. _____ being a member/members of SIME DARBY PROPERTY BERHAD hereby appoint

_____ (NRIC/Passport No. _____)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of _____ (ADDRESS)

*and/or _____ (NRIC/Passport No. _____)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of _____ (ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxy(ies) to attend and vote for me/us on my/our behalf at the Fifty-First Annual General Meeting ("51st AGM") of Sime Darby Property Berhad ("Sime Darby Property" or "the Company") to be held virtually via online meeting platform at <https://investor.boardroomlimited.com> and at the Ballroom 1, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue on Monday, 20 May 2024 at 10.00 a.m. and at any adjournment thereof for the following resolutions as set out in the Notice of 51st AGM:

NO.	AGENDA	Resolution	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon			
ORDINARY BUSINESS				
2	To re-elect Dato' Seri Ahmad Johan Mohammad Raslan who retires in accordance with Rule 111 of the Constitution of the Company	1		
3	To re-elect Mohamed Ridza Mohamed Abdulla who retires in accordance with Rule 111 of the Constitution of the Company	2		
4	To re-elect Dr. Lisa Lim Poh Lin who retires in accordance with Rule 111 of the Constitution of the Company	3		
5	To re-elect Nur Farahbi Shaari who retires in accordance with Rule 92.3 of the Constitution of the Company	4		
6	To approve the payment of fees to the Non-Executive Directors for the period from 21 May 2024 until the next Annual General Meeting of the Company to be held in year 2025	5		
7	To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM500,000 for the period from 21 May 2024 until the next Annual General Meeting of the Company to be held in year 2025	6		
8	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to determine their remuneration	7		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:

	Percentage (%)
First proxy	
Second proxy	

IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data

Please refer to the notice to Shareholders under the Personal Data Protection Act 2010 ("Privacy Notice") published on the Company's website under the Shareholders & Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders> concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the Privacy Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant and undertake that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed to and processed by the Company in accordance with the notice to Proxies under the Personal Data Protection Act 2010 published on the Company's website under the Shareholders & Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders>.

Dated this _____ day of _____ 2024

Signature/Common Seal of Member(s)

* Please delete where inapplicable.

** If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

NOTES:

1. Registration for Remote Participation and Electronic Voting ("RPEV") Facilities

1.1 The 51st AGM will be conducted on a virtual basis through live streaming and online remote voting via RPEV facilities at <https://investor.boardroomlimited.com>. Members can attend, participate and vote in the meeting remotely or online using the RPEV facilities. Please follow the procedures provided in the Administrative Details for the 51st AGM to register, participate and vote remotely via the RPEV facilities.

1.2 The Broadcast Venue of the 51st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("Act") which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholder(s), proxy(ies), authorised representative(s) or attorney(s) will be physically present at the Broadcast venue on the day of the meeting.

2. Submission of questions before and during the meeting

2.1 Members may submit questions in relation to the agenda items for the 51st AGM prior to the meeting via Boardroom Smart investor Portal ("BSIP") at <https://investor.boardroomlimited.com> not later than Saturday, 18 May 2024. The responses to these questions will be shared at the 51st AGM.

2.2 During the 51st AGM live streaming, Members may also pose questions via real time submission of typed texts at BSIP. The Messaging window facility will be opened concurrently with the Meeting Platform (i.e. one hour before the 51st AGM from 9.00 a.m. on Monday, 20 May 2024). The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

3. Proxy

3.1 A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

3.2 A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3.3 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 51st AGM of the Company shall be put to vote by way of a poll.

3.4 Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.

3.5 Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

3.6 The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

3.7 The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

(i) In Hardcopy Form

The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Poll Administrator's office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding this AGM or no later than 18 May 2024 at 10.00 a.m.

(ii) By Electronic Form

The Proxy Form can be electronically submitted via <https://investor.boardroomlimited.com> or by sending it via email to bsr.helpdesk@boardroomlimited.com (Kindly refer to the Administrative Details).

3.8 Only Members registered in the Record of Depositors as at 10 May 2024 shall be entitled to attend, speak and vote at the 51st AGM or appoint a proxy(ies) to attend and vote on their behalf.



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THE POLL ADMINISTRATOR

SIME DARBY PROPERTY BERHAD

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c/o Boardroom Share Registrars Sdn Bhd
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Malaysia

AFFIX
POSTAGE
STAMP

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