Sime Darby Property

Infinity in Real Estate

INTEGRATED **ANNUAL REPORT 2021**

Infinity in Real Estate

At Sime Darby Property, our progress is driven by resilience in our journey to transform from a pure play property developer into a real estate company by 2025.

We have remained steadfast to deliver our corporate priorities and focus areas, implementing numerous strategic initiatives to broaden our recurring income streams, deepen competencies, implement innovative and new technologies, as well as develop new capabilities within the infinite opportunities in the real estate industry.

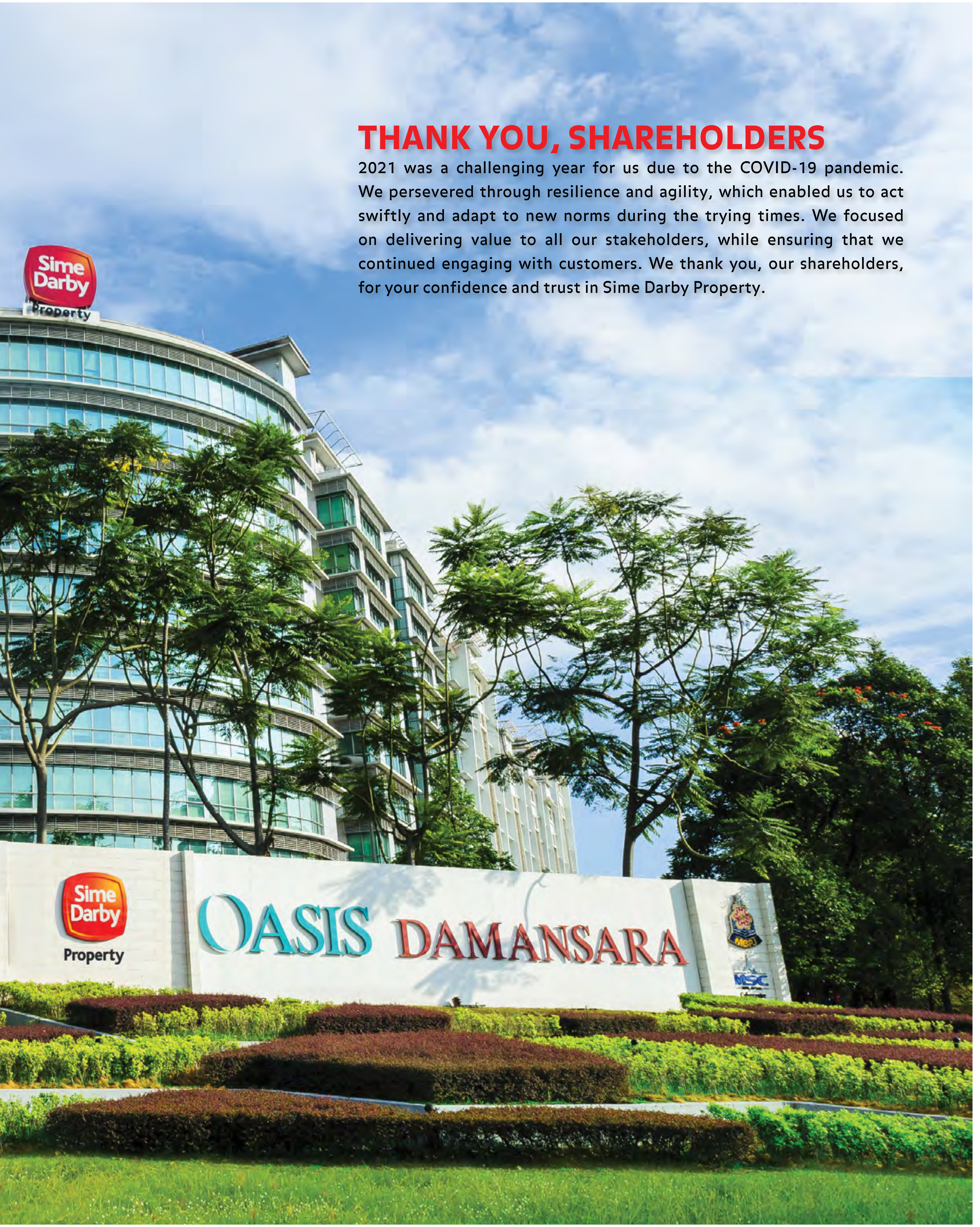
For half a century, our sustainability leadership has been a hallmark of our reputation and value to all stakeholders, and we remain committed in our role as a 'Force for Good' to protect the needs of future generations.

FROM A PURE PLAY PROPERTY DEVELOPER TO A REAL ESTATE COMPANY BY 2025


Sime
Darby

THANK YOU, SHAREHOLDERS

2021 was a challenging year for us due to the COVID-19 pandemic. We persevered through resilience and agility, which enabled us to act swiftly and adapt to new norms during the trying times. We focused on delivering value to all our stakeholders, while ensuring that we continued engaging with customers. We thank you, our shareholders, for your confidence and trust in Sime Darby Property.



OUR PURPOSE, FOR PEOPLE

For half a century, we have been a brand synonymous with property development, and we take pride in our role to bring homes, lifestyle and commerce together at our townships through high-quality products and luscious green spaces. Our aim is to continue delivering value as a strategic master developer with innovative new ideas to build homes of tomorrow and impact the real estate industry for many more years to come.

78
percent
EFFICIENCY
100%
STATUS
Online
114-6
46
percent
100%
Online
413-7
75%
EFFICIENCY
100%
81
STATUS
Online
256-1
NO
REG
EFFICIENCY
114-6
413-7
256-1
83%
510-3

GROWING OUR RECURRING INCOME STREAMS

We develop real estate investment opportunities through our Investment & Asset Management segment, collaborating with partners in the ecosystem to create quality industrial and logistics, as well as retail assets, funds and platforms, and grow our recurring income streams. Our progress in introducing industrial development funds in 2021 was the launchpad to grow our asset portfolio.

KUALA LUMPUR
GOLF & COUNTRY CLUB

AN ICON RETURNS

In 2021, we celebrated the return of the Kuala Lumpur Golf & Country Club brand. The Club is the jewel of Sime Darby Property's KLGCC Resort township and has an iconic history with the city it represents. Turning 30 last year, we aim to preserve its long-lasting legacy as the nation's premier golf and country club, as well as one of Asia's Top 100 golf destinations.

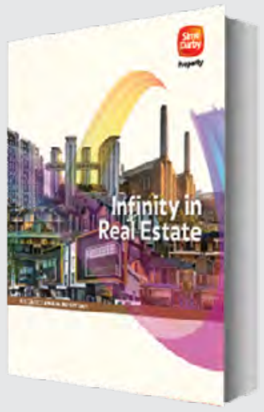
A ‘FORCE FOR GOOD’

We are a ‘Force for Good’, determined to flourish ideas and influence ideals for collective progress. Our 2030 Sustainability Goals place us at the forefront of making impactful changes through our products and practices that aim to make us a net zero entity. We work closely with our philanthropic arm, *Yayasan Sime Darby*, through various corporate and social responsibility activities which contribute towards the betterment of society and the planet.

BUILDING HOMES OF TOMORROW

Technology and innovation are crucial elements in the future of our business. We were mindful of the challenges presented by the COVID-19 pandemic last year and focused on minimising disruptions to our business by enabling customers to continue engaging with our people online, as well as redesigning the customer experience to complement our strategic launches. We also embarked on the Concept Home 2030 initiative – which seeks to reimagine the future of Malaysian homes.

ABOUT THIS REPORT



In keeping with Integrated Reporting principles, this report includes information on our financial and non-financial performances, with a clear articulation of various risks and opportunities, as well as our mitigation strategies and approaches to value creation. This report was prepared in compliance with the Bursa Malaysia Main Market Listing Requirements, Bursa Malaysia's Sustainability Guidelines 2nd Edition, Malaysian Code on Corporate Governance, GRI Standards, Taskforce on Climate Related Financial Disclosures ("TCFD"), Malaysian Financial Reporting Standards, and Malaysia's Companies Act 2016.

This is our fifth Annual Report since our listing in 2017. It covers the Financial Year 2021 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.

ONLINE VERSION

www.simedarbyproperty.com

Scan the QR code to download the Annual Report 2021.

OUR SIX CAPITALS

M — **Manufactured Capital**
Our land bank and property products that we continue to manage provide a sustained source of revenue generation for years to come.

F — **Financial Capital**
Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cash flow position for the Group to capitalise on new value propositions.

H — **Human Capital**
Our people's expertise and capabilities drive our vision and mission, deliver strategic priorities and achieve business outcomes.

S — **Social Capital**
Our relationship with stakeholders, formed through goodwill, build trust and credibility in our brand and create an ecosystem where every stakeholder is a beneficiary of our community enrichment initiatives.

N — **Natural Capital**
The natural resources used for our business activities and undeveloped land banks unlock future revenue potential.

I — **Intellectual Capital**
The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.

HOW TO NAVIGATE OUR REPORT

Corporate Priorities

- Broaden Income Streams
- Deepening Competencies
- Develop New Capabilities
- Digital Transformation

Material Matters

- Product Delivery Timeliness
- Sustainable Development Pipeline
- Financial Performance
- Strategic Partnerships
- Occupational Safety & Health
- Product Quality
- Community Development
- People Management
- Environmental Stewardship
- Change Management and Communication Plan
- Innovation

Stakeholders

- Investors & Analysts
- Suppliers/Contractors/ Business Partners
- Media
- Employees
- Debt Providers
- Regulators & Industry Affiliations
- Customers

Cross References

Read more information in this report.

WHAT'S INSIDE THIS REPORT

49TH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY

Broadcast Venue
Banquet Hall, 1st Floor, Main Lobby
Kuala Lumpur Golf & Country Club
No. 10, Jalan 1/70D
Off Jalan Bukit Kiara
60000 Kuala Lumpur, Malaysia

Date
Tuesday, 24 May 2022

Time
10:00 a.m.

In line with the Securities Commission Guidance Note, the Group will conduct the 49th Annual General Meeting ("AGM") on a virtual basis through live streaming and online remote voting. We strongly encourage you to participate in the 49th AGM via the Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at https://tiih.online.

HOW WE ADDED VALUE IN 2021

FINANCIAL HIGHLIGHTS

REVENUE

RM2,219.9
million
(2020: RM2,062.8 million)

PROFIT BEFORE TAX

RM268.3
million
(2020: –RM474.8 million)

PROFIT AFTER TAX AND MINORITY INTEREST

RM136.9
million
(2020: –RM501.6 million)

TOTAL EQUITY

RM9,326.5
million
(2020: RM9,193.4 million)

NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM1.34
(2020: RM1.33)

GROSS GEARING RATIO

41.8%
(2020: 37.1%)

NET GEARING RATIO

32.0%
(2020: 28.4%)

CASH POSITION

RM909.7
million
(2020: RM801.8 million)

PROFIT BEFORE TAX

PROPERTY DEVELOPMENT

RM255.3
million
(2020: –RM354.7 million)

PROFIT BEFORE TAX

INVESTMENT & ASSET MANAGEMENT

RM27.0
million
(2020: –RM92.0 million)

LOSS BEFORE TAX

LEISURE

RM14.0
million
(2020: –RM28.1 million)

BUSINESS HIGHLIGHTS

SALES ACHIEVEMENT OF
RM3.0 billion
exceeded sales target of RM2.4 billion

NEW LAUNCHES WORTH
RM3,720.0 million GDV
with **3,594 units** and garnered an **average take-up rate of 87.0 percent** as at 6 February 2022

SUKUK MUSHARAKAH PROGRAMME
is **RATED AA+*IS***
and a stable outlook **by Malaysian Rating Corporation Berhad**

NUMBER OF UNITS SOLD
3,111
units

DELIVERY OF COMPLETED UNITS
3,129
units

SUSTAINABILITY HIGHLIGHTS

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

CDP Climate Change and Supplier Engagement ratings

Climate Change rating (C)

Supplier Engagement rating (B minus)

43%*
women representation in the workforce

30%
female board members

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

23,520
hours of training recorded

22,809
IUCN Red List Trees planted since 2011

21 community programmes and initiatives benefitting close to
45,000
people

Lost Time Injury Frequency Rate
0.08*
compared to 0.14 (in 2020)

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

Total carbon emissions reduction
28.88%
against 2020 baseline

Note:
The restatement of the financial results in FY2020 takes into account the Group's adoption of the Agenda Decision on the International Accounting Standards 23 Borrowing Costs from 1 January 2021 onwards

OVERVIEW OF SIME DARBY PROPERTY

VISION

Leader in building sustainable communities

MISSION

To create a place that inspires, connects and lasts for generations to come

CORE VALUES

- **P** – Passion
- **R** – Respect and Teamwork
- **I** – Integrity and Accountability
- **M** – Make It Happen
- **E** – Entrepreneurial Spirit

WHO WE ARE

Sime Darby Property ("the Group") is Malaysia's pioneering property developer with 50 years of success in the real estate industry. The Group has built over 100,000 homes in 25 townships and developments, with products spanning residential, commercial, as well as industrial and logistics properties.

Beyond Property Development, Sime Darby Property also has presence across other real estate segments, including Investment & Asset Management, as well as Leisure, where it owns the prestigious Kuala Lumpur Golf & Country Club, one of the top golf clubs in Southeast Asia. In the United Kingdom, Sime Darby Property is part of a consortium of Malaysian companies in the iconic Battersea Power Station redevelopment project in Central London.

As at December 2021, the Group has approximately 15,400 acres of land bank, most of which are located strategically on the west coast of Peninsular Malaysia, and an approximately 20,000 acres under call option agreements.

Within its Investment & Asset Management business, the Group operates 5.4 million sq. ft. of net lettable area across commercial, retail, hospitality, education and industrial segments.

The Group is committed to upholding Environmental, Social and Governance ("ESG") principles throughout its business and be a 'Force for Good', guided by its own 2030 Sustainability Goals, which are aligned with the United Nations' Sustainable Development Goals. Sime Darby Property is a constituent of the MSCI ACWI Small Cap Index with MSCI ESG Rating of BBB and is rated by the Carbon Disclosure Project ("CDP").

The Group contributes to society through its philanthropic arm, *Yayasan Sime Darby* ("YSD"). It is involved in social impact activities nationwide, providing aid relief and entrepreneurial development programmes to underprivileged communities during the recent pandemic, as well as township community engagement and volunteering efforts which drive our corporate responsibility agenda.

Sime Darby Property is honoured to be recognised with numerous real estate industry awards throughout the years. In 2021, the Group continued to be recognised as a top property developer in 'The Edge Malaysia's Top Property Developers Awards', achieving the feat for the tenth year running. The Group was also named 'EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award 2021', as well as the winner in PwC's 'Building Trust Awards 2021' under the FBM Mid 70 Index category.

PRESENCE IN

Malaysia	Singapore	United Kingdom

MARKET CAPITALISATION OF	TOTAL ASSETS OF	TOTAL EMPLOYEES
RM4.1 billion	**RM15.3** billion	**1,348** people

(as at 31 December 2021)

OUR COMPETITIVE STRENGTHS

OUR COMPETITIVE STRENGTHS

50 years of experience
in developing sustainable townships and communities

Large land bank
with healthy product-mix located at strategic locations

Resilient financial position
enables the Group to undertake large-scale and diversified development projects

Strong ethical values
embedded within the Group resulting in numerous achievements and accomplishments

Broad product offerings
including landed and high-rise units, as well as retail, commercial and industrial & logistics assets

New strategic development regions
offer vast opportunity for future growth

INDICES REPRESENTATION & CREDIT RATINGS

BURSA MALAYSIA

CDP
DISCLOSURE INSIGHT ACTION

MSCI
ESG RATINGS
BBB

CCC	B	BB	BBB	A	AA	AAA

MARC
MALAYSIAN RATING CORPORATION BERHAD

AWARDS AND RECOGNITIONS

EdgeProp Malaysia's Best Managed & Sustainable Property Awards 2021

- Malaysia's Responsible Developer: Building Sustainable Development Award
- Malaysia's Exemplary Sustainable Community Park 2021 (Editor's Choice) – Elmina Central Park
- Gold Winner in the EdgeProp-ILAM Malaysia's Sustainable Landscape Awards 2021 ('Landscape Planning' Category) – Elmina Central Park

BCI Asia Awards 2021

- Top 10 Developers Award (Malaysia)

Malaysian Rating Corporation Berhad's Lead Managers League Table Awards

- Sustainability Award 2020

The Edge Malaysia's Top Property Developers Awards 2021

- The Edge Top Property Developers Award (Ranked 4th Place)
- The Edge Malaysia Property Development Excellence Award 2021 – City of Elmina

PwC Malaysia's Building Trust Awards 2021

- Winner in the 'FTSE Bursa Malaysia Mid 70 Index' Category
- Special Mention in ESG Reporting Benchmarking Analysis (FTSE Bursa Malaysia Mid 70 Index)

AWARDS AND RECOGNITIONS

PropertyGuru Asia Property Awards (Malaysia) 2021
- Best Mid End Condo/Apartment Development (Central) – Cantara Residences
- Best High End Condo/Apartment Development (Central) – Senada Residences
- Best Landed Development (Central) – Elmina Green 4
- Best Industrial Development – The Detached Factories
- Best Condo/Apartment Development (Malaysia) – Senada Residences
- Best Housing/Landed Development (Malaysia) – Elmina Green 4

Malaysian Society for Occupational Safety & Health Awards 2021
- Gold Award (Class 2) – Kuala Lumpur Golf & Country Club

Clean Energy Ministerial's Energy Management Excellence Awards 2021
- Excellence in Energy Management – Kuala Lumpur Golf & Country Club

National Annual Corporate Report Awards 2021
- Silver Award for 'Companies with RM2 Billion to RM10 Billion in Market Capitalisation' Category – 2020 Integrated Annual Report

MSWG-ASEAN Corporate Governance Awards 2020
- Industry Excellence Award

Golf Travel Magazine's Top 100 Golf Courses in Asia Award 2021
- Top 100 Golf Courses in Asia 2021 – Kuala Lumpur Golf & Country Club (Ranked 21st Place)

SWCorp Malaysia Solid Waste Management Recognition
- Solid Waste Management Best Practice for KL East Mall

WHAT WE DO: CORE BUSINESS SEGMENTS

Elmina Central Park, City of Elmina

93.2%
Contribution to the Group Revenue

RM3.0 billion
Sales Achieved in FY2021

RM2.4 billion
Unbilled Sales

PROPERTY DEVELOPMENT

As the pioneer property developer in Malaysia with 50 years of experience in building sustainable townships and communities, we have demonstrated a proficiency in project execution through our Property Development segment. Our expertise 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.

Among our most notable and iconic townships are Melawati, Subang Jaya, UEP Subang Jaya, Ara Damansara and Bukit Jelutong, as well as some 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, Nilai Impian, Hamilton Nilai City, Bandar Ainsdale and Bandar Universiti Pagoh. These townships, coupled with our new industrial-themed developments in the Malaysia Vision Valley 2.0 and Pagoh Special Economic Zone, make up the core existing and future offerings from this segment.

Aerial view of the Elmina Business Park, City of Elmina

Aerial view of the West Course, KLGCC

INVESTMENT & ASSET MANAGEMENT

Our Investment & Asset Management segment comprises retail, office and industrial & logistics assets located within the Klang Valley, as well as Singapore and the United Kingdom, where we are part of an international consortium responsible to redevelop the historic Battersea Power Station in Central London. In 2021, Sime Darby Property entered into a Joint Venture ("JV") partnership to establish a fund management platform to manage funds for the logistics sector, as well as to provide development services.

26
Total Number of Assets Owned/Managed

5.4 million sq. ft.
Total Net Lettable Area

LEISURE

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. Besides KLGCC, the segment also manages the Impian Golf & Country Club ("IGCC") in Kajang, as well as the Sime Darby Convention Centre ("SDCC"), an esteemed venue for meetings, conferences, events and exhibitions.

KLGCC
ranked as **Top 100 Golf Courses in Asia 2021**

KLGCC retains its status as **Top 100 Platinum Golf and Country Clubs in the World** for 2022-2023

OUR DISTINCTIVE DEVELOPMENTS


Aerial view of Aman South Park, Serenia City

TOWNSHIP DEVELOPMENTS

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


Cantara Residences, Ara Damansara

INTEGRATED DEVELOPMENTS

- Ara Damansara, Petaling Jaya
  - Cantara Residences
  - Cantara Retail
  - Maya Ara Residences
  - Oasis Corporate Park
- KL East, Kuala Lumpur
  - KL East Mall
  - KL East Geopark
  - The Ridge
  - The Veo
- Melawati, Ampang Jaya
  - Melawati Corporate Centre
  - Serini Melawati
- Putra Heights, Subang Jaya
- Saujana Impian, Kajang
- SJ7, Subang Jaya
- Subang Jaya City Centre, Subang Jaya
  - Aurora
  - Lot 15


Senada Residences, KLGCC Resort

SIGNATURE/NICHE DEVELOPMENTS

- Chemara Hills, Seremban
- KLGCC Resort, Kuala Lumpur
  - East Residences
  - Jendela Residences
  - Senada Residences
- USJ Heights, Subang Jaya


Radia, Bukit Jelutong

JOINT VENTURE DEVELOPMENTS

- PJ Midtown
- Radia, Bukit Jelutong

Township, Integrated and Signature/Niche Developments	Approximately	Total Estimated Gross Development Value ("GDV")
25*	**15,400** acres Available Land Bank	**RM104.4** billion

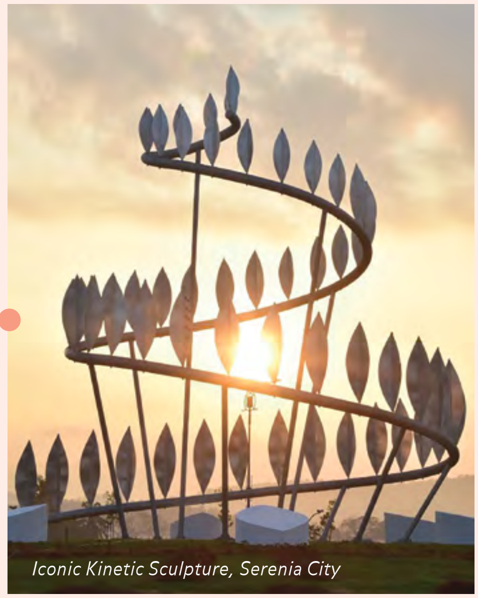
* *including Joint Venture Developments*

A 'FORCE FOR GOOD'

As a leader in developing sustainable townships and communities, Sime Darby Property is a 'Force for Good', with a mission to create a legacy of positive economic, social and low-carbon environmental impacts.

To realise our aspiration, we have implemented carefully designed strategies to make sustainability a hallmark of our business and a signature of everything we do. Our focus is anchored on four imperatives:

- **Decarbonise Our Operations and Products**
- **Shape Inclusive & Resilient Communities**
- **Implement Good Biodiversity Practices**
- **Maintain Socially Responsible Operations**



Iconic Kinetic Sculpture, Serenia City

Sime Darby Property's 2030 Sustainability Goals ("2030 SGs"), which are aligned with the United Nations' Sustainable Development Goals ("UN SDGs"), serve as a benchmark to ensure that we are moving in the right direction.

Comprising 18 targets, our company-specific 2030 SGs cover all the key components of sustainable communities, ranging from supporting the economy to providing affordable homes and tackling climate change.

Our holistic approach to sustainability is a determined effort to put us at the forefront of generating positive impacts in the three spheres of *People, Planet and Prosperity*. We measure our ESG performance via the 2030 SGs and through inclusion in international ESG indices.

We are committed to achieving net zero carbon emissions in the near future. In order to do so, we will use the Science Based Targets initiative ("SBTi") framework to ensure that the accuracy of our committed target is based on science, which not only covers 100.0 percent operational carbon reduction (Scope 1 and scope 2) but also results in a Scope 3 reduction target compliant to SBTi.

Sime Darby Property also aims to achieve zero waste through recycling, reducing, reusing and repurposing of its waste materials; and reducing water intensity in its operations by 30.0 percent.

The Group is also committed to improving biodiversity levels within our townships through various efforts, including tree-planting activities and conducting inventory assessments on flora and fauna in the forest reserves adjacent to our townships, to minimise our ecological impact and preserve our natural resources for future generations.

In support of the UN SDG principle of 'Leaving No One Behind', we have consistently pushed the boundaries to deliver sustainable value that empowers and enhances the communities in all our townships. Along with our philanthropic arm, YSD, we have rolled out numerous initiatives and programmes to aid underprivileged families and communities, guided by our 2030 SGs.

We are also committed to developing affordable homes for communities from the low-income segment.

We also champion human rights, which is one of the targets under our 2030 SGs, across our supply chain. Among the priorities in this aspect are the welfare of foreign workers, and the provision of quality and safe living quarters.

As a socially responsible organisation, Sime Darby Property upholds the highest levels of governance and instils a culture of integrity as one of the five core values of the Group. Our stance of zero tolerance towards corruption has been the driving force behind our resilience and we will continue to safeguard our ethical methods of doing business to generate long-lasting positive impact.

Our ongoing effort to improve the Group's ESG performance is evidenced by our inclusion as a constituent in various local and international sustainability indexes or rating systems. These include the FTSE4Good Bursa Index (2018 - 2021), as well as the MSCI ESG Sustainability Index. We are also the only Malaysian property developer effectively rated by the Carbon Disclosure Project ("CDP") for Climate Change (C rated) and Supplier Engagement (B minus rated).

Going forward, we will introduce additional initiatives that will enlist the participation of our stakeholders to strengthen our sustainability journey and leave a good legacy for future generations.

To learn more about our sustainability efforts, go to the Sustainability Report section at pages 76 to 105.

Aspires to be
Operationally Net Zero
using the Science Based Targets initiative framework

Achieve
Zero Waste
by 2030
through recycling, reducing, reusing and repurposing waste materials

Reducing water intensity by
30%
by 2030

COMMITTED TO DELIVER SUSTAINABLE GROWTH

Dear Stakeholders,

Following the conclusion of our 48th Annual General Meeting in May 2021, I was redesignated as Chairman of the Board from my previous position of Non-Independent Non-Executive Director to succeed Tan Sri Dr. Zeti Akhtar Aziz. I would like to thank Tan Sri Dr. Zeti for her valuable contribution and leadership, as well as her relentless efforts in driving the transformation journey of Sime Darby Property during her years of service with the Group.

Rizal Rickman Ramli
Chairman

Revenue
RM2.2
billion

Dividend Payout Ratio of
49.7%

2021 IN PERSPECTIVE

The operating environment remained challenging due to the reimposition of lockdowns under the Movement Control Order ("MCO") and the National Recovery Phase ("NRP") amid the resurgence of COVID-19 cases in Malaysia.

Nevertheless, Malaysia's gross domestic product ("GDP") managed to grow at a modest rate of 3.1 percent on improved domestic demand and strong global trade. This was a reversal from the GDP contraction of 5.6 percent in 2020 when the COVID-19 pandemic and its economic impact first hit the global market.

In tandem with the gradual recovery of the economy, the property market saw improvement in demand, underpinned by the Home Ownership Campaign ("HOC"), which ran throughout the year, and the low interest rate environment with the overnight policy rate ("OPR") kept at a record low of 1.75 percent.

Operationally, the key challenges we faced during the year were due to the extensive lockdowns that led to the intermittent closure of our sales galleries, retail and leisure businesses, as well as the halt of construction site development. As in the case of other property companies, we were also affected by supply shortages in raw materials and a tight labour market, all of which resulted in higher input prices.

I am proud to say that Sime Darby Property managed to navigate the tough environment, nonetheless, due to the strength of our people and leadership bench, coupled with our renewed digital and technology capabilities. Having learned from the experiences of 2020, the Group was better prepared this time to face and endure challenges of the economic lockdowns. As such, our financial results saw marked improvement.

Sime Darby Property achieved a revenue of RM2.2 billion for the financial year ended 31 December 2021 ("FY2021").

Financially, the Group returned to profitability, with a profit before tax of RM268.3 million recorded for FY2021.

With the solid performance, we declared an interim single-tier dividend of 1.0 sen per share, bringing the total FY2021 payout to RM68.0 million, which represented a dividend payout ratio of 49.7 percent.

CHAIRMAN'S STATEMENT

In line with the philosophy of our major shareholder, Permodalan Nasional Berhad, whose agenda is focused on nation-building, Sime Darby Property remains committed to delivering sustainable, quality value to stakeholders.

As such, the Group will endeavour to return more to shareholders, as its transformation journey yields higher positive financial results. This, however, will be balanced against the funding requirements for future growth and to cushion the Group against any unfavourable market developments or sudden changes in its operating environment.

ON TRACK FOR TRANSFORMATION

During the year under review, we established a joint venture with LOGOS Property of Australia to co-develop and manage an Industrial Development Fund platform to drive our Industrial & Logistics Development business. This signalled yet another strategic partnership for the Group after our tie-ups with other well-established international groups and organisations such as CapitaMalls Asia; Mitsui & Co., Ltd; and Mitsubishi Estate Co., Ltd.

This significant development, among others, was in line with our SHIFT25 strategy, which aims to transform Sime Darby Property from a pure play property developer into a real estate company by 2025. The target is to achieve a wider income base, with 70.0 percent coming from property development and 30.0 percent from recurring non-property development income streams.

The Group's promise of sustainable growth remains on track, with the SHIFT25 strategy serving as the core foundation of our transformation efforts. Regular engagements between the Board and Management took place throughout 2021 for progress updates, further refinements and improvements, where necessary, to ensure that we were moving in the right direction.

Sime Darby Property's steadfastness in delivering quality products and services guided by our strong governance, core values and sustainability agenda continued to win us accolades and recognitions from both the clients and industry.

The Board is overall pleased with the progress made thus far, particularly in FY2021, during which we saw numerous tangible positive outcomes such as strong sales achievement, the highest-ever GDV of new launches, as well as financial improvements across all business lines.

E-Metro Logistics Park, Bandar Bukit Raja

The Group's key recognitions in FY2021 include receiving the top honour of 'Responsible Developer: Building Sustainable Development Award' at the EdgeProp Malaysia's Best Managed and Sustainable Property Awards and clinching top spot in PwC Malaysia's Building Trust Awards in the FBM Mid 70 Index category. Sime Darby Property was also named in the Top 10 of The Edge Malaysia's Top Property Developers Awards list for the tenth consecutive year.

We were also honoured at the Malaysia Rating Corporation Berhad's ("MARC") Lead Managers' League Table Awards 2020 in recognition of our sustainability governance structure and processes for measuring, managing and reporting of our sustainability impact, as well as recognised with an 'Industry Excellence Award' at the MSWG-ASEAN Corporate Governance Awards 2020.

These key awards are a testament to the Group's commitment to driving the company to greater heights to maximise stakeholder value.

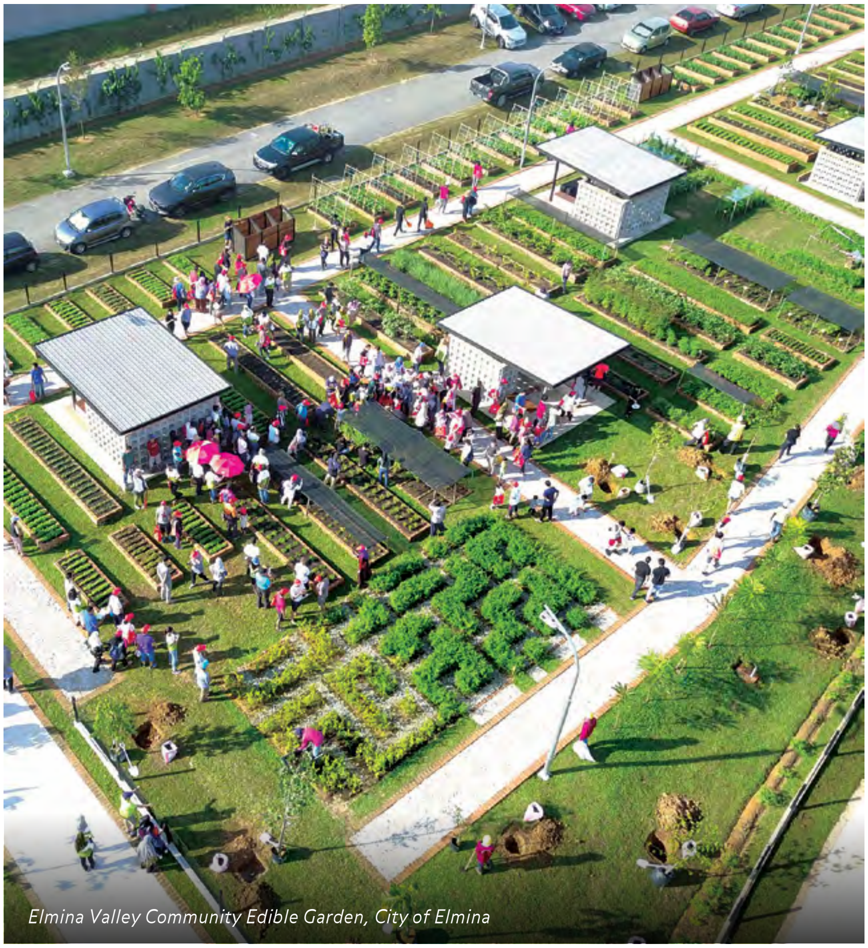
MAKING AN IMPACTFUL DIFFERENCE

Sime Darby Property has always strived to create long-term sustainable value and impactful outcomes for our stakeholders, as well as the communities at our townships and developments.

In FY2021, the Group developed the Integrated Sustainability Policy and Quality, Health, Safety, Security and Environment ("QHSSE") Policy that serve to align all employees with our corporate direction, disclose our position to the various sub-thematic areas covered under each policy, as well as safeguard our position as a 'Force for Good' to deliver a long-lasting legacy.

A sustainability strategy was also implemented across the Group, with a focus on four main strategic imperatives, namely, decarbonisation of operations and products; good biodiversity practices; shaping inclusiveness and resilient communities and being a socially responsible organisation.

Apart from that, the Group continued to invest in sustainability engagements and activism to raise awareness about the risks of global warming and climate change, as well as the need for businesses to be responsible and fair. At our Tier-1 supply chain level, we held a Vendor Engagement Session on environmental and social matters. This session proved to be timely, as our survey found more than 80.0 percent of our vendors have yet to implement carbon, waste and water management for sustainability purposes. The programme was well-received by our vendors and enabled us to share Sime Darby Property's approach towards sustainability, focusing on eco-efficiency (in managing carbon, waste, recycling and water) and human rights, to inspire them to join and lend their hands in advancing the sustainability agenda for the industry.



Elmina Valley Community Edible Garden, City of Elmina

As for our employees, we hosted a Sustainability Day to create a sense of urgency in tackling climate change and ensure that all are on board with our ESG journey. Additionally, the Group's leadership remained actively involved in the CEO Action Network on Climate Governance Malaysia ("CGM") activism with a focus on the climate crisis agenda, as well as efforts that organisations can make in addressing this matter.

Beyond climate issues, a focus on safety remains one of the pillars that supports our ESG agenda. We continued to enhance our safety measures, standards and compliance systems during the year with an objective of preventing incidents that could harm our employees, communities and the environment. Our aspiration is to better meet our stakeholders' interests and demonstrate industry leadership through best safety practices.

•

Developed the **Integrated Sustainability Policy** and **Quality, Health, Safety, Security and Environment ("QHSSE") Policy**

••

Our position as a **'Force for Good'** to deliver a long-lasting legacy

CHAIRMAN'S STATEMENT

SUPPORTING OUR PEOPLE

The welfare and well-being of our people and communities have always been Sime Darby Property's utmost priority.

When the unprecedented floods hit Selangor at the end of 2021, the Group quickly rolled out the #SDPCares Natural Disaster (Floods) Support initiative to help affected employees and their families. This programme provided affected employees with aid relief and support based on the severity of floods which affected their homes, as well as compassionate leave to attend to their immediate needs. In total, the Group spent RM96,000 to support 66 impacted employees as at 17 February 2022.

Efforts to mitigate the impact of COVID-19 at the workplace and safeguard the safety and health of our employees were also emphasised. The Group introduced the #SDPCares COVID-19 Support programme which served as a support system for all employees during the pandemic, while ensuring strict compliance with the national Standard Operating Procedures ("SOPs"). Under this initiative, the Group introduced the #SDPCares Handbook and held 13 roadshows to raise awareness of COVID-19-related issues at the workplace and at home.

Support for Office Administrators ("OAs") was also created to provide briefings that help managers and OAs understand the crucial roles that they play in supporting employees during these difficult times. Other action plans included digitalising COVID-19 reporting via our employee-based platform, HR On-Cloud ("HROC"), distributing 1,500 #SDPCares packages to employees and contract workers, as well as providing aid to quarantined employees. As at 15 February 2022, a total of RM15,200 in quarantine assistance was provided to 76 employees of the Group.

Meanwhile, the Group revamped its *Jalinan Nurani* programme, a digital well-being platform to assist employees and their family members with emotional and physical health concerns, following feedback calling for more comprehensive offerings. Enhancements introduced included monthly mental health webinars and brown bag sessions to support employees in coping with challenges of working from home ("WFH") and returning to the office ("RTO"), as well as extensive e-learning and online workshops for continuous talent development and resilience-building.

Separately, to support tenants of our facilities in the Investment & Asset Management business, we provided rental rebates to help them tide over the COVID-19 downturn, in hopes to also assist them in sustaining their businesses for the long term.

Rolled out the **#SDPCares Natural Disaster (Floods)** support initiative to help affected employees and their families

The Group spent a total of **RM96,000** to support 66 employees as at 17 February 2022

Employees assisting the affected communities during the recent flood incident in Bandar Bukit Raja

Key Messages

CHAIRMAN'S STATEMENT

Sime Darby Property Headquarters, Ara Damansara

ENHANCING GOOD CORPORATE GOVERNANCE

The Group has always worked hard to embed good governance and integrity into all its operations. We conduct regular reviews on our internal practices against the Malaysian Code of Corporate Governance ("MCCG") to further enhance and improve our standards of operational performance and corporate governance.

In 2021, the Group Corporate Assurance department carried out the MCCG 2021 Gap Assessment Analysis collaboratively with key stakeholders. As a result of the analysis, several measures were implemented to enhance good governance within the organisation.

This included the review and revision of the Group's Board Charter and Terms of Reference of several of the Board Committees, namely the Nomination & Remuneration Committee ("NRC"), Risk Management Committee ("RMC") and Audit Committee ("AC"). The revision resulted in the imposition of a nine-year term limit for independent directors without further extension; restriction on active politicians from being appointed to the Board; prevention of the Chairman of the Board from being a chairman or member of the Board Committees; and a review and monitoring of the Group's governance of sustainability, including the setting of sustainability strategies, priorities and targets.

Other key outcomes or actions taken after the Gap Assessment Analysis included, among others, organising pre-meeting discussions between Non-Executive Directors without the presence of the Group Managing Director to ensure thorough, non-biased decision-making; conducting a Board Effectiveness Evaluation from October 2021 to March 2022, taking into account sustainability considerations; as well as requiring the Group's external auditor to table its Annual Transparency Report to the AC for consideration as part of an assessment process for reappointment.

On 1 October 2021, the Group welcomed Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin to its Board as Independent and Non-Executive Directors. We are confident that their combined experience and knowledge in the industries that they represent would add to the breadth of diverse expertise among our Board members to drive the company's future goals and aspirations.

Significantly, with the appointments of Dato' Hamidah and Dr. Lisa, the Group achieved the 30.0 percent threshold of women representation on the Board of Sime Darby Property. Going forward, the Group will accelerate its effort to raise participation of women in senior management to meet or exceed the 30.0 percent threshold from the present level of 29.0 percent.

CHAIRMAN'S STATEMENT

FUTURE OUTLOOK

Based on the Government's projection, the prospects for the economy appear to be robust in 2022, with the GDP expected to grow between 5.5 and 6.5 percent.

Aerial view of Elmina East, City of Elmina

The success of Malaysia's vaccination and booster programmes, with herd immunity in the country exceeding 90.0 percent, coupled with the Government's commitment to avoid blanket lockdowns or MCOs, give positive reasons for Corporate Malaysia, including Sime Darby Property, to be hopeful that there will not be any more disruption to business activities, and that recovery will continue to take hold into the new year.

On that note, the Group is optimistic about its growth prospects amid a potential recovery of the property market, particularly in the industrial and logistics sector, where demand is growing on the back of increasing industrialisation, expanding global trade flows and the rise of e-commerce.

The Group also views positively the various Government initiatives to support the property sector. These include exemption for stamp duty, and the Real Property Gains Tax ("RPGT") for property disposals in the 6th year onwards, as well as the introduction of the Housing Credit Guarantee Scheme ("HCGC") and special incentives for the manufacturing sector under the National Economic Recovery Plan ("PENJANA"). These measures are expected to stimulate the demand for residential and industrial products for the next 2 to 3 years.

In the international market, the Battersea Power Station project in Central London is showing promising prospects, with crowds returning to the development for summer. We look forward to launching phase 3B of the joint-venture development, in which we are a 40.0 percent shareholder and currently hold the chairmanship of the venture, in 2022.

Future phases of the Battersea Power Station project are currently under review, guided by a flexible planning and development strategy. The Group is monitoring the market trends in London, as well as in the United Kingdom closely and learning from the experience of managing this monumental investment for future business opportunities.

Despite our sanguine mood for better prospects and opportunities in 2022, we are under no illusion that there are still uncertainties and challenges in the economy due to the rising inflation, geopolitical tensions, and the lingering impact of the prolonged COVID-19 pandemic. However, with the Group's strong leadership, coupled with agile employees and sound fundamentals, we are confident that our ability will enable us to navigate through situations and challenges with sustained success.

Overall, we are confident that we are on track of achieving our end goal of becoming a real estate company by 2025.

ACKNOWLEDGEMENTS

In closing, I would like to acknowledge the support and outstanding contributions from the many parties who have helped Sime Darby Property achieve, what has been, a positive FY2021 for us.

On behalf of the Board, I would like to thank our shareholders, vendors and customers for their unwavering trust and continuous support to us especially during these challenging times. We are also grateful to Dato' Azmir Merican and the senior management team, as well as all employees for their commitment and dedication to the Group's goals. Their tireless efforts have resulted in us performing well and achieving remarkable milestones in FY2021.

Finally, I would like to thank my fellow Board of Directors for their valuable contributions and insights in making sure that the Group remains dynamic and profitable in the ever-changing environment for the betterment of the industry, our people and the communities we serve.

The Board is optimistic and excited about the future of Sime Darby Property, and we will strive to ensure that the Group continues to remain competitive and resilient for years to come. We look forward to another year of exciting journey and growth with all our stakeholders.

Rizal Rickman Ramli
Non-Independent, Non-Executive Chairman

MAKING OUR FUTURE IN REAL ESTATE BY 2025

Dear Shareholders,

Sime Darby Property delivered a commendable set of operational and financial results for the financial year ended 31 December 2021 ("FY2021"), notwithstanding the challenges posed by the COVID-19 pandemic. The Group recorded sales of RM3.0 billion, surpassing the target of RM2.4 billion; a result which equalled pre-pandemic sales achievements.

Dato' Azmir Merican
Group Managing Director

The encouraging achievement was the result of our focus on strategic new launches, intensive marketing campaigns and higher sales of completed stocks.

Our efforts were further supported by the Home Ownership Campaign ("HOC"), an initiative by the Malaysian Government to support homebuyers in purchasing property, as well as the favourable interest rate regime, with overnight policy rate ("OPR") at an all-time low of 1.75 percent.

During the year in review, our strategic launches totalled RM3.7 billion in gross development value ("GDV"), which was a record high for the Group. The launches were focused on offering products in prime locations with the right pricing, in which we recorded a high average take-up rate of approximately 87.0 percent across all our offerings. Residential and industrial products led the way of our sales with high average take-up rates of 90.0 percent and 88.0 percent, respectively.

Of note, three residential landed projects – Serenia Ariya Phase 3, Lyra Phase 2 and Dayana Phase 1 – achieved 100.0 percent take-up rates. After a hiatus in FY2020, new high-rise residential projects by the Group returned to the market, with two successful launches, namely Jendela Residences, as well as Maya Ara Residences.

Jendela Residences, a premium development located in the pristine KLGCC Resort with a GDV of almost RM1 billion, garnered a take-up rate of 83.0 percent as of 6 February 2022, while Maya Ara Residences, with GDV of RM222 million was 85.0 percent booked within 30 minutes of its launch.

Overall, the Group's total bookings stood at RM2.1 billion as at 6 February 2022.

The Group recorded sales of
RM3.0 billion
surpassing the target of RM2.4 billion; a result which equalled pre-pandemic sales achievements.

Strategic launches totalled
RM3.7 billion
in gross development value ("GDV")

Key Messages

GROUP MANAGING DIRECTOR'S REVIEW

RETURNING TO THE BLACK

The Group saw its revenue increasing by 7.6 percent to RM2.2 billion in FY2021 from RM2.1 billion in FY2020.

Buoyed by operational improvements across all business segments, Sime Darby Property returned to the black with a Profit Before Tax ("PBT") of RM268.3 million as compared to a Loss Before Tax ("LBT") of RM474.8 million the year before. This achievement was supported by all business segments recording profits in the final quarter of FY2021, with the gradual reopening of the economy.

Our margins remained intact despite challenges in supply chain and labour on the back of the pandemic, thanks to measures we have taken to address our cost base, as well as going back to our design-to-cost principles, and clear profit & loss accountability across all business lines.

By segment, Property Development was the main growth contributor, accounting for 93.2 percent of the total group revenue. The segment posted revenue growth of 7.7 percent to RM2.1 billion and returned to profitability, with PBT of RM255.3 million as compared to the preceding year's LBT of RM354.7 million. The improved performance was underpinned by strong sales resulting from strategic new launches across our flagship townships, lower share of losses from joint ventures and associates of RM24.2 million and efforts to reduce completed stocks, which now stands at a historic low of RM329.6 million.

As at 31 December 2021, the Group's unbilled sales stood at RM2.4 billion, which provides us with revenue and earnings visibility beyond the next three years.

Improvement was also observed in our Investment & Asset Management ("IAM") segment, which saw revenue growth of 37.2 percent to RM94.7 million and contributed 4.3 percent to the total group revenue. Supported by higher contribution from the retail business and concession business in the Pagoh Education Hub, the segment's PBT increased 129.4 percent to RM27.0 million.

Revenue from the Leisure segment stood at RM55.5 million, or 2.5 percent of group revenue, amid a series of lockdowns which halted events and programmes. The segment's LBT was reduced by half to RM14.0 million following a consolidation exercise focusing on manpower and cost optimisation.

We are pleased to report that Sime Darby Property capped off the year with solid cash balances of RM909.7 million, with an operating cash flow of RM494.3 million, as well as a moderate net gearing ratio of 32.0 percent.


Maya Ara Residences virtual launch weekend

●

The Group's **total bookings** stood at

RM2.1 billion

as at 6 February 2022

●●

Revenue increasing by

7.6 percent

to **RM2.2 billion** in FY2021 from RM2.1 billion in FY2020

●●●

Profit Before Tax

RM268.3 million as compared to a Loss Before Tax ("LBT") of RM474.8 million

●●●●

Sime Darby Property capped off the year with **solid cash balances** of

RM909.7 million with an operating cash flow of RM494.3 million

●●●●●

Net gearing ratio of

32.0 percent

GROUP MANAGING DIRECTOR'S REVIEW

FOCUS ON CORPORATE PRIORITIES

Essentially, we remained focused on implementing initiatives based on our four corporate priorities – *broaden income streams, deepening competencies, develop new capabilities and digital transformation*. These corporate priorities, which are listed under our SHIFT25 strategy, serve as the base to transform Sime Darby Property from a pure play residential-focused property developer into a real estate company, with multiple sources of income by 2025. The target is to broaden our income base to a 70:30 split between property development and recurring income streams.

In 2021, a mix of new property development launches were rolled out, of which 39.0 percent were residential landed properties, 32.0 percent residential high-rise units, 25.0 percent industrial properties, with statutory developments and commercial units completing the mix.

The Group's expansion into industrial properties was a success, with several projects registering 100.0 percent take-up rates. These included the 42 units of industrial land plots in Hamilton Nilai City with a GDV of RM285 million at the Malaysia Vision Valley 2.0 ("MVV 2.0"); The Twin Factories 2 in Elmina Business Park (RM172 million GDV); and the XME Business Park Phase 2 in Nilai (RM85 million GDV).

To further strengthen our foothold in this sector, the Group launched two new industrial parks – one at the Pagoh Special Economic Zone ("PSEZ") and another in Hamilton Nilai City – as well as acquiring 760 acres of land in Labu, Negeri Sembilan, as part of our strategic development in MVV 2.0.

Through the IAM segment, Sime Darby Property achieved a key milestone in terms of diversifying its business model to increase recurring income, following the establishment of an industrial development fund ("IDF") in partnership with LOGOS SE Asia Pte. Ltd. ("LOGOS Property"). With an initial fund size of US$200 million, the IDF will focus on acquiring and developing a 177-acre site in the Bandar Bukit Raja township in Klang, Selangor to generate close to 8 million sq. ft. in Net Lettable Area ("NLA").

We continued our efforts to enhance the value of our townships by incorporating sustainability and innovation in our townships and developments during the year. This led to our tie-up with Tropical Rainforest Conservation & Research Centre ("TRCRC") to launch the Elmina Rainforest Knowledge Centre ("ERKC"), as well as our collaboration with the United Nations Children's Fund ("UNICEF") to introduce Malaysia's first inclusive playground in the City of Elmina.

In looking at how we build homes of tomorrow, while taking advantage of the latest technology and science, we came up with the Concept Home 2030 initiative aimed at challenging the way we design and build Malaysian homes of tomorrow. As part of its first phase, we partnered with the Malaysian Institute of Architects ("PAM") to organise a competition which garnered more than 170 participants – the highest number of submissions for a PAM-organised competition. We invited the nation's foremost visionaries and innovators of the built realm to reimagine how homes would and should look like in 2030, focusing on four key pillars — *Sustainable Solutions, Modern Methods of Construction, Tech-Infused: A Home Brain, and Modular, Expandable & Customisable.*

One of the submissions from the Concept Home 2030 Competition

From the competition, we received a number of impressive submissions with excellent potential, namely ideas such as gamifying property-ownership using blockchain, as well as innovative construction methods that are expandable and customisable to evolving lifestyles and needs. It is now imperative on us to consider how these ideas can be turned into designs and thereon prototypes, and to engage the public on experiencing better homes for future generations with us.

We believe our Concept Home 2030 vision will serve as a starting point to innovate and lead the way in reimagining sustainable building, living and home ownership of the future. To learn more about the Concept Home 2030 competition, please refer to page 101 of this report.

GROUP MANAGING DIRECTOR'S REVIEW

Battersea Power Station, London

During the year, we activated a sizable acreage of approximately 800 acres for property development, significantly higher than the 254 acres activated in FY2020, and the 304 acres in FY2019. This included a total of 188 acres of industrial plots allocated in Hamilton Nilai City, of which 123 acres were launched and completely taken up in 2021.

We also disposed of about 70 acres of non-core land to monetise assets with minimal development potential to the Group, so as to ease our holding costs and free up capacity to focus on our core developments.

The Group has, in recent years, increased its focus on expanding placemaking components in its flagship townships as an effective strategy to develop new capabilities. For instance, the KL East Mall not only enhanced our retail operatorship competencies and provided vibrancy to the KL East and Melawati townships, but it also contributed positively to the Group's top line, with an income of RM25.2 million in its first full year of operations in FY2021.

In FY2021, we ran a pilot for programmatic placemaking through Project Arc ("parc") at the Subang Jaya City Centre ("SJCC"). Targeted for launch in October 2022, parc is an experimental space to test new innovations and sustainability-themed ideas, concepts, products, and to educate, as well as become a space for the community to gather and play.

Separately, the Kuala Lumpur Golf & Country Club ("KLGCC"), which is another critical placemaking component in our flagship township of KLGCC Resort, underwent a rebranding exercise to revive its prestige as the country's premier golf and country club. The branding of KLGCC, which celebrated its 30th anniversary in 2021, has been emboldened with a new logo and identity which is inspired by its history, traditions, and values. The KLGCC brand is set to enhance the Club's stature as a premier club and golfing destination in Southeast Asia, which now offers enhanced dining, lifestyle and golfing experiences; augmented by digitalised club systems and a mobile application for its members.

In the international market, the Battersea Power Station ("BPS") – our development in Central London together with SP Setia Berhad and Employees Provident Fund ("EPF") – saw strong leasing momentum for its retail development under Phase 2, being the Power Station itself, as well as Phase 3a, also known as the "Electric Boulevard". The project's second phase of residential offerings at Switch House West, welcomed its residents during the year; generating the highest sales to-date for the development of £400 million from both Phase 2 and Phase 3a developments.

We are proud that Sime Darby Property is the first property developer to leverage cloud to host all business applications for digital data management and analytics readiness. The Group fully migrated its existing core applications and servers to Microsoft Azure cloud in FY2021.

Apart from that, we introduced an end-to-end digital journey for homebuyers alongside the launch of the first-generation Virtual Sales Gallery ("VSG") at the City of Elmina, Bandar Bukit Raja, Putra Heights, SJCC, KL East and Melawati townships to ensure continued sales during the pandemic. Our digitalisation efforts have allowed our customers to seamlessly view, book, pay and even ballot for their properties online.

The Group has also embarked on digitising and digitalising its construction project management processes through the implementation of the Procore solution in the Property Development segment. This end-to-end solution is designed to connect multiple stakeholders within the construction value chain and offers Sime Darby Property better data accuracy and analytics, placing the Group on a stronger footing as it gears up for the post-pandemic era.

GROUP MANAGING DIRECTOR'S REVIEW

CREATING LASTING, SUSTAINABLE VALUE FOR STAKEHOLDERS

Going into FY2022, Sime Darby Property will continue with its transformation journey under the SHIFT25 strategy. The strategy builds from the previous SHIFT20 model introduced in 2018 and is guided by *four corporate priorities and seven focus areas* to enhance our business resilience and continue multiplying value for all our stakeholders.

Four Corporate Priorities

- Broaden Income Streams
- Deepening Competencies
- Develop New Capabilities
- Digital Transformation

Seven Focus Areas

1. Operational Excellence
2. Organisational Excellence
3. Safety and Sustainability
4. Customer First
5. Tech and Innovation
6. Branding & Communication
7. New Revenue Streams

On that note, we will continue to accelerate recurring income generation to broaden income streams, deepen competencies to improve resilience and market offerings, develop new capabilities that synergise our transformation and expansion plans, as well as introduce more digital capabilities to advance internal and external practices, and focus on driving innovation and sustainability to improve our operations.

The Group's seven focus areas are led by *operational excellence*, where we aim to be a performance-driven organisation, with continuous improvement in the way we work. The second area is on *organisational excellence*, in which we aim to raise productivity and enrich our talent pool. The third area is on *safety and sustainability*, where we aim to develop a safe workplace for our employees and business associates, including our vendors and construction partners in the pursuit of our three strategic pillars of sustainability – People, Planet and Prosperity.

The fourth area is on the *customer-first* principle to drive improved customer experience via the adoption of new technologies. The fifth area is on *technology and innovation*, to develop technological capabilities by expanding the use of digital channels and data analytics.

The sixth area is on *branding & communication*, in which we seek to enhance stakeholder interest in the Group's innovative offerings and solutions as a lifestyle developer via communication activities, and finally, the seventh area is on creating *new revenue streams* to establish prominence in other segments of the real estate industry to accelerate the diversification of income and complement our property development business.

Annual Management Dialogue 2022

PEOPLE AS KEY ENABLERS

At Sime Darby Property, we recognise our people are a key enabler of our transformation strategies. Therefore, we place great priority on investing in talent to ensure that our people have the right skills and capabilities to harness opportunities in the current challenging environment.

To safeguard the long-term sustainability of our business, succession planning for senior management positions is regularly reviewed and discussed to ensure that we consistently have the right people to drive the Group to greater heights.

Our culture is built on strong purpose and a united team under a common end-goal of becoming a real estate company by 2025. Through regular small engagement sessions and group-wide townhalls, as well as sharing sessions such as the Annual Management Dialogue ("AMD"), the Group ensures employees across the organisation were able to stay well-connected and engaged with one another, throughout the challenges of COVID-19. This also enables us to cascade strategies to our people and align them to the Group's vision.

Key Messages

GROUP MANAGING DIRECTOR'S REVIEW

Elmina Rainforest Knowledge Centre

COMMITTED TO SUSTAINABILITY

As a leader in developing sustainable townships and developments, we place great importance in maintaining our Environmental, Social and Governance ("ESG") standards to continuously grow our business, and at the same time, deliver our sustainability promise to all our stakeholders.

Since embarking on its sustainability journey in 2007, Sime Darby Property has actively been involved in ESG reporting and assurance efforts. We take pride in the fact that we are able to generate positive impact based on our three pillars of sustainability – People, Planet and Prosperity – over the years.

Our commitment to sustainability and the ESG agenda remains resolute. In FY2021, the Group published a standalone Sustainability Report and was recognised for a variety of awards within the sustainability sphere. A notable recognition last year was winning the prestigious 'Responsible Developer: Building Sustainable Development Award' at the EdgeProp Malaysia's Best Managed and Sustainable Property Awards, which further strengthened our role as a 'Force for Good'.

In June 2021, the Group held a Sustainability Day, themed "2030 Starts Now!", with an aim to establish a sense of urgency in our sustainability journey and role in tackling climate change, as well as enhance awareness of the Group's commitment to support the United Nations' Sustainable Development Goals ("UN SDGs") by 2030.

These collective efforts and initiatives, coupled with the dedication that we have to further amplify the sustainability agenda across all aspects of our business, reaffirm our role as a leading proponent in the real estate industry towards achieving a better and more prosperous future for all.

OUTLOOK AND PROSPECTS

Looking ahead, with many economies, including Malaysia and the United Kingdom, transitioning to the endemic phase of COVID-19, the Group is optimistic about its prospects for FY2022, underpinned by the anticipated recovery of the economy, and thereon, a positive impact for the property market.

As such, we have set our target to achieve RM2.6 billion in sales, which will be backed by strategic new launches worth RM2.8 billion in GDV for FY2022 and an existingly strong bookings pipeline.

Our Property Development segment will strive to maintain high take-ups for new launches in FY2022 through aggressive online and marketing efforts of the right products priced attractively in our flagship townships, with residential and industrial properties expected to continue generating high demand over the short-to-medium term.

Furthermore, the Group will continue to push our sustainability thinking and incorporate innovative features in new products via home design and placemaking to enhance the value and longevity of our products and townships.

From FY2022 onwards, a disciplined approach to land bank management and monetisation will be a key focus, as the Group accelerates its efforts to unlock land value via increased property and industrial developments, and monetisation of non-core lands. Sime Darby Property will also review its option agreements to identify land plots that are viable for acquisition to replenish its land banks and open up new townships for growth.

Going forward, our IAM segment is expected to generate higher recurring income contribution for the Group, with the IDF set to make its maiden contribution by the second half of FY2022. The segment is currently working on expanding the Industrial & Logistics Development business by introducing its industrial product offerings to a wider clientele base of local and global players.

GROUP MANAGING DIRECTOR'S REVIEW

As for the Leisure segment, the focus remains on delivering a good customer experience with quality F&B, lifestyle and event spaces, as well as expand its tenancy base.

Both our IAM and Leisure segments will also continue to double up as key drivers for placemaking and developing catalytic assets such as retail, industrial, commercial and hospitality to uplift the value of our townships and their surrounding developments, and at the same time, accelerate our land monetisation strategy.

Given the strategic priorities in place, we believe that the Group is on the right track to generate sustainable long-term value for our stakeholders, and we remain committed to create a business that can adapt swiftly to the changing market environment, utilising different approaches to create positive outcomes.

ACKNOWLEDGEMENTS

Sime Darby Property saw a change in leadership during the year, with Encik Rizal Rickman Ramli taking over as Chairman of the Group in May 2021, succeeding Tan Sri Dr. Zeti Akhtar Aziz upon her retirement. Encik Rizal, who was previously the Group's Non-Independent Non-Executive Director since 5 April 2018, continued to provide a steady hand as we navigated through new challenges to steer the Group towards further successes. His experience and knowledge in the real estate industry both locally and on the international stage are valuable for the Group to tap on as we push ahead to realise our objectives.

On behalf of all my colleagues at Sime Darby Property, I would like to take this opportunity to thank Tan Sri Dr. Zeti, who institutionalised a clear vision that has paved the way for the Group to broaden its business portfolio beyond the conventional, which formed the resilience we benefit from today.

I would also like to express my sincere thanks to our Board of Directors for their continuous support and guidance to me and the leadership team as we execute our strategy & plans, challenging the organisation to always go further.

As a strategic investment company of Permodalan Nasional Berhad ("PNB"), Sime Darby Property values PNB's continued trust and support provided to our management and employees in contributing towards its sustainable growth and returns.

Additionally, I would like to extend my gratitude to our customers, partners and shareholders, as well as to all stakeholders, including regulatory bodies and the Government, for their continuous contributions and support to the Group over the last year.

Finally, my deepest appreciation goes to the management and staff of Sime Darby Property for your commitment, dedication and perseverance throughout this challenging year, which have resulted in us breaking new ground.

I am confident that Sime Darby Property will continue to scale greater heights in the future and reinforce our role as a 'Force for Good' for the betterment of the real estate industry, as well as the nation.

Dato' Azmir Merican
Group Managing Director

Birds eye view of the City of Elmina

GROUP FINANCIAL REVIEW

Sime Darby Property sustained its resilience by achieving a commendable year-on-year improved financial performance, underpinned by its strategic launch plans, encouraging sales achievement and improved operational efficiency across all business segments. The strengthened foothold built since the first year of the pandemic has undoubtedly enabled the Group to rebound solidly in the current

THE GROUP'S FINANCIAL PERFORMANCE AND POSITION IN FY2021

- The COVID-19 pandemic continued to present its challenges in FY2021, and the Group's financial performance was not spared from the adverse impact brought about by the pandemic. Having learned from the experience of managing businesses during the outbreak in FY2020, the Group was better prepared in FY2021 and continued to remain agile in tackling the evolving market conditions.

- The Group achieved an encouraging year-on-year ("y-o-y") financial improvement with revenue increasing by 7.6 percent to RM2.2 billion coupled with a notable improvement in PATAMI to RM136.9 million from a loss of RM501.6 million the previous year.

- The improved financial performance was mainly contributed by the Property Development segment, which registered a remarkable sales achievement of RM3.0 billion. Strong sales in FY2021 were mainly driven by strategic launch plans, intensive online and conventional marketing and sales efforts, aided by the extended HOC, as well as the Overnight Policy Rate ("OPR") that remained low at 1.75 percent.

- Among the key operational results that drove financial performance in FY2021 include:
  - Launched a total of 3,594 units of properties worth RM3.7 billion of GDV which garnered an average take-up rate of approximately 87.0 percent as at 6 February 2022;
  - Achieved RM3.0 billion sales, exceeding the Group's sales target of RM2.4 billion and almost on par with the pre-pandemic achievement in FY2019 of RM3.1 billion;
  - Unbilled sales stood at RM2.4 billion as at 31 December 2021 on the back of strong sales; and
  - Successfully completed 14 phases with a total delivery of 3,129 units of residential, commercial and industrial products.

- The Group ended FY2021 with a resilient financial position and no recognition of one-off items in the current financial year, following the write-downs, write-offs, impairment and provisions ("one-offs") of RM614.3 million* recognised by the Group in FY2020.

- The Group continued to preserve high financial discipline during the financial year in terms of:
  - Cost optimisation to maintain its competitiveness and market position; and
  - Working capital management that enables the Group to expand without weighing on its gearing level.

- These efforts enabled the Group to maintain a healthy cash balance of RM909.7 million as at 31 December 2021, at the back of achieving a positive operating cash flow of RM494.3 million during the financial year. The Group is well-positioned to continue implementing its planned growth strategies.

- With the current gross and net gearing level at 41.8 percent and 32.0 percent respectively, the Group will proactively monitor its liquidity position, raise new financing for the Group's planned growth business when required, while maintaining an optimum debt-to-equity ratio.

- In recognition of the Group's financial strength, the Malaysian Rating Corporation Berhad ("MARC") had reaffirmed a credit rating of AA+$_{IS}$ with a stable outlook in its annual review on the Group's RM4.5 billion Islamic Medium Term Notes ("IMTN") Programme, despite the current challenging economic conditions.

* *The Group has adopted the Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods retrospectively. Accordingly, comparative information for FY2020 has been restated.*

financial year amid the challenging and evolving market environment. The Group's financial position remains healthy with adequate cash balances and moderate gearing ratio. This allows the Group to move forward on steady ground, pursuing its goal of transforming from a pure play property developer to a real estate company by 2025.

KEY HIGHLIGHTS

The Group turned around to a profitable position in FY2021 and further strengthened its financial position:

Revenue: Increased by 7.6%

RM2,219.9 million

Profit Before Tax ("PBT"): Increased by 156.5%

RM268.3 million

Profit after Tax and Minority Interest ("PATAMI"): Increased by 127.3%

RM136.9 million

Total Assets: Increased by 3.2%

RM15,256.7 million

Cash Position: Healthy

RM909.7 million
including positive operating cash flow of RM494.3 million

Gross and Net Gearing Ratio: Moderate

41.8% and 32.0%
respectively

Higher Total Equity

Increased to
RM9,326.5 million

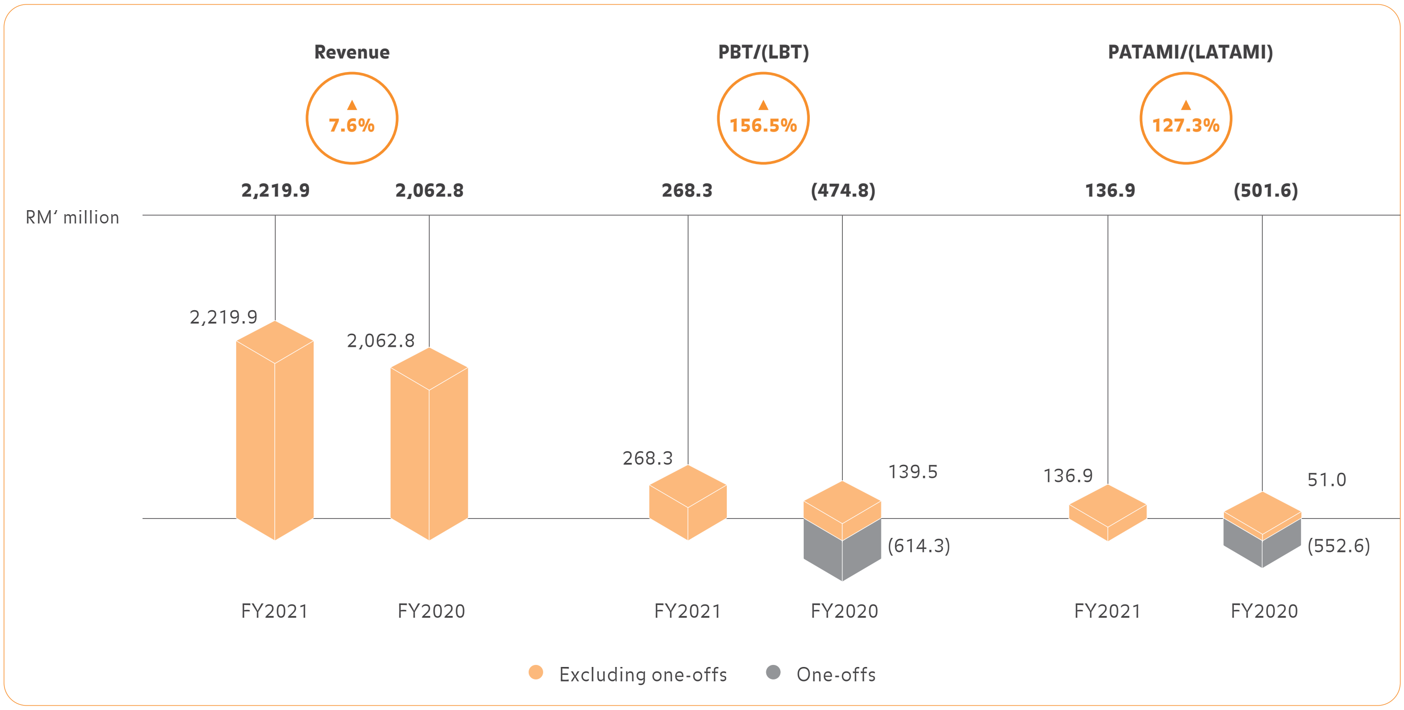
Net Assets per Share Attributable to Owners of the Company

Improved to
RM1.34

GROUP FINANCIAL REVIEW

FINANCIAL REVIEW

Financial performance rebounded, as underpinned by strong sales performance, healthy pipeline of launches, Government's concerted efforts, enhanced internal marketing capability and low interest rate environment.



The Group registered a higher revenue of RM2.2 billion, achieving a 7.6 percent growth as compared to the previous year's revenue of RM2.1 million. Both PBT and PATAMI turned to a profit of RM268.3 million and RM136.9 million respectively in the current year, from a loss position in FY2020.

The improvement in financial result was mainly attributed to the Property Development segment in line with strong sales achievement and development activities.

The commendable sales achievement in residential and industrial products were underpinned by a strategic launch pipeline across 2021, where the Group focused on launching the right products in prime locations at the right pricing along with intensive conventional and online marketing efforts, further aided by the HOC and a low interest rate environment.

Site development activities normalised post the uplift of the MCO towards the end of August 2021, enabling the Group to continue with undisrupted progressive billings for the remainder of the year.

Recovery of all three segments, namely Property Development, Investment & Asset Management and Leisure, along with the re-opened and gradually recovering economy was seen essentially in the final quarter of the financial year, whereby all three business segments marked their quarter-on-quarter ("q-o-q") and y-o-y improved performance.

In contrast, financial results in the previous year were negatively impacted by the initial waves of the COVID-19 pandemic during which the Group had taken firm measures in reviewing the projects in its pipeline of launches to ensure that the products were aligned with market demand and to prevent the build-up of unsold inventories. Consequently, the Group recognised write-down/write-off of inventories, share of impairment recognised by the Battersea Power Station project along with other impairment and provisions amounting to RM614.3 million in FY2020.

Following the significant one-offs incurred by the Group in FY2020, the Group was able to commence FY2021 with the right base, without further incurring one-offs in the financial year.

SEGMENTAL FINANCIAL PERFORMANCE

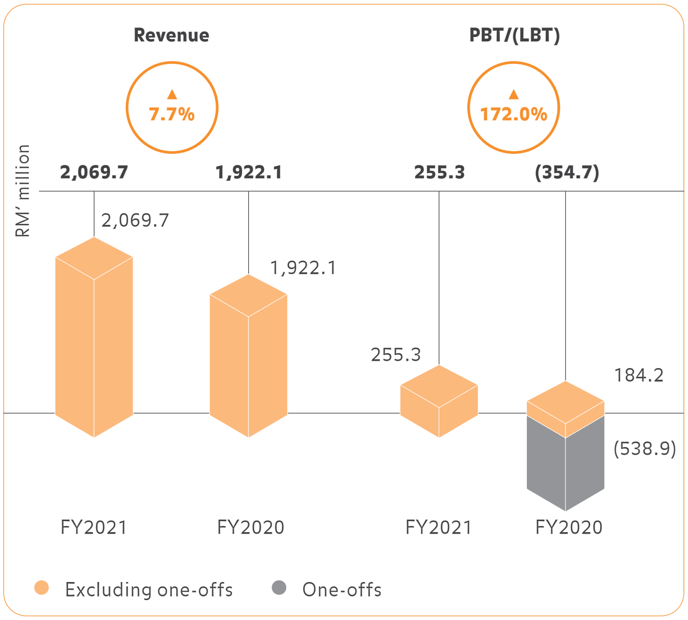
PROPERTY DEVELOPMENT

The Property Development segment continued to be the key contributor to the Group, bringing in 93.2 percent of the Group's total revenue. Segment revenue increased by 7.7 percent to RM2.1 billion in FY2021. This was mainly attributable to the higher sales and development activities in the City of Elmina, Elmina Business Park, Bukit Jelutong, Bandar Ainsdale and KLGCC Resort, coupled with sales of completed inventories in KL East, KLGCC Resort, Melawati and Planters' Haven.

The segment registered a significant improvement in performance with a PBT of RM255.3 million as compared to a LBT of RM354.7 million recorded in the previous year. The improved performance was accelerated further upon the reopening of the economy after the MCO was lifted by the Government at the end of the third quarter of the financial year, coupled with other internal and external supporting factors including strategic launches, homebuying incentives offered by the Government to spur the property market, low interest rate, as well as intensified marketing efforts.

Remarkable segment achievements that are worth noting include the RM3.7 billion worth of new launches with an average take-up rate of approximately 87.0 percent as at 6 February 2022; RM3.0 billion sales achievement which surpassed our sales target and was almost on par with the pre-pandemic achievement in FY2019; high RM2.4 billion unbilled sales, as well as successful handover of 14 phases that delivered 3,129 units of residential, commercial and industrial products.

The weak performance in FY2020 was due to the initial waves of the COVID-19 pandemic and the implementation of the MCO which affected the progress of development activities and the registration of new sales. The segment performance was also impacted by write-down/write-off of inventories and the share of impairment recognised by the Battersea Power Station project in the prior year with other impairments, which in total, amounted to RM538.9 million. No further one-offs were recognised in the current financial year.

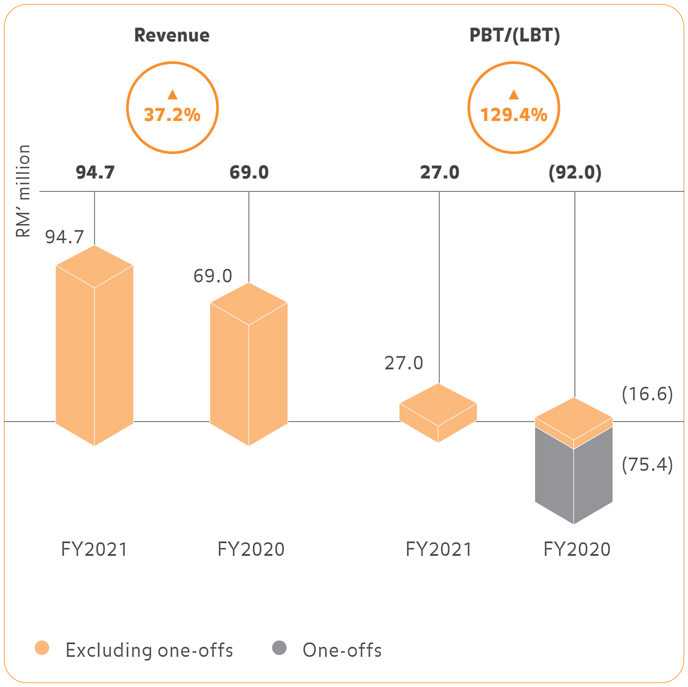


INVESTMENT & ASSET MANAGEMENT

The Investment & Asset Management segment saw an increase in segment revenue to RM94.7 million with the first full year of operating revenue from KL East Mall, as compared to RM69.0 million in the previous year. The segment is also supported by steady contributions from the Pagoh Education Hub under the concession arrangements.

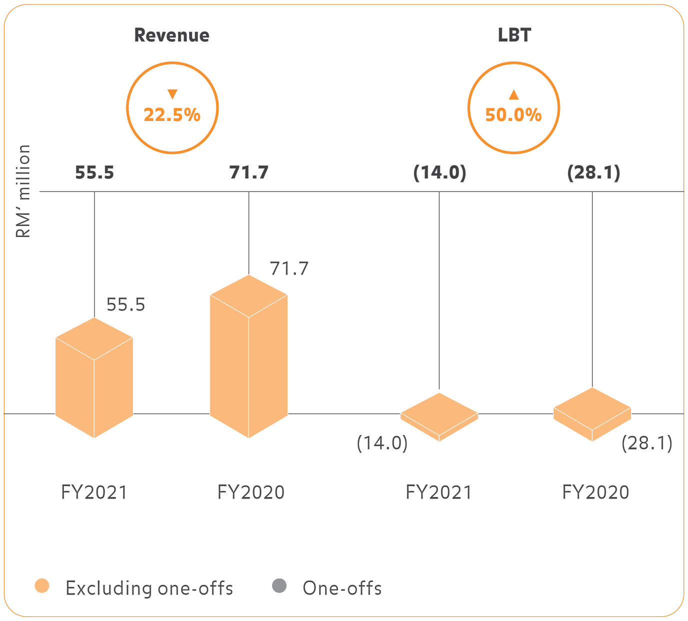
The segment recorded a PBT of RM27.0 million as compared to a LBT of RM92.0 million in the previous year. The significant improvement is mainly contributed by KL East Mall as the prior year's results were impacted by pre-operating expenditure incurred in preparation for the opening of KL East Mall, as well as lower share of losses from Melawati Mall this year.

Despite the challenging environment, the segment recovered gradually when economic activities resumed under Phase 4 of the NRP in the final quarter of the financial year. KL East Mall demonstrated high resilience in achieving a healthy occupancy of 79.0 percent as at 31 December 2021. Meanwhile, the occupancy rate of Melawati Mall decreased marginally to 79.8 percent as at 31 December 2021 compared to the previous year of 83.0 percent.



GROUP FINANCIAL REVIEW

SEGMENTAL FINANCIAL PERFORMANCE



LEISURE

The Leisure segment registered lower revenue of RM55.5 million as compared to RM71.7 million in the previous year. Contributions from events remained low following the pandemic outbreak and temporary closures during periods of lockdown.

Notwithstanding, the segment registered a lower LBT of RM14.0 million as compared to a LBT of RM28.1 million in the previous year as the decrease in revenue was cushioned by lower operating costs upon consolidation of its operation with a focus on manpower optimisation, in alignment with the Group's continuous focus on cost control.

In the final quarter of the financial year, the segment returned to a profitable position following the uplift of lockdowns and resumption of business activities for both its golfing and F&B outlets.

FINANCE COSTS

The total finance costs in the financial year amounting to RM142.5 million, comprising borrowing costs from conventional and Islamic borrowings, were lower when compared to the previous year of RM153.1 million. Out of the total cost, RM47.5 million was capitalised and the remaining RM95.0 million was charged out to profit and loss.

Finance costs charged out to profit and loss in the current year were higher as compared to the previous year (before restatement). The Group has, in the current financial year, adopted the Agenda Decision on International Accounting Standards 23 – a change in accounting treatment of borrowing costs whereby capitalisation of borrowing costs into inventories ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale have been completed.

The Group's weighted average cost of borrowings was at 3.4 percent per annum, (including foreign currency denominated borrowings), marginally lower as compared to 4.0 percent per annum in the previous year, in line with the low interest rate environment.

TAXATION

The effective tax rate for the financial year was high at 39.5 percent, as certain expenses were disallowed for tax deduction and deferred tax asset was not recognised for losses incurred by some subsidiaries.

FINANCIAL POSITION REVIEW

a. INVENTORIES MANAGEMENT

The Group continued to monitor closely on its inventories management to maintain unsold inventories at a manageable level. This was done by ensuring that development projects were properly planned in accordance to market demand, coupled with the right pricing and location that met customer expectations. The Group also carried out effective marketing and sales campaigns amid the extended HOC.

With the continuous efforts made to clear unsold inventories, total inventories decreased by 7.1 percent to RM5.8 billion as at 31 December 2021 from RM6.2 billion as at 31 December 2020, with the following breakdown:

Land Held for Property Development (Non-current):

Land held for property development cost decreased by 13.5 percent to RM3.9 billion from RM4.5 billion last year, in line with the Group's focus to accelerate land activation and development to unlock land value.

Property Development Cost (Current):

Costs in relation to property development projects, where development is in progress amounted to RM1.6 billion, which is an increase of 34.4 percent from the previous year's RM1.2 billion. This is in line with land bank activation and development efforts put in place to transfer land and land-related costs to property development cost, as evident in the reduction of land held for property development cost.

Completed Inventories (Current):

The Group has been very focused and committed in keeping completed inventories at a low and manageable level through effective and targeted marketing and sales efforts. As at 31 December 2021, the completed inventories saw a notable reduction by 42.5 percent to a new low of RM329.6 million from RM573.6 million in the previous year, mainly attributable to the lower inventories in KL East and KLGCC Resort.

b. WORKING CAPITAL/LIQUIDITY MANAGEMENT

The Group is committed to uphold strict financial discipline in formulating its working capital management strategies to achieve optimal operational efficiency and a robust balance sheet position alongside the business expansion. Total cash and cash equivalents of the Group increased by 13.4 percent to RM909.7 million from RM801.8 million in the previous year as a testament to the cost optimisation and cash management preservation efforts.

In the current financial year, the Group had generated positive operating cash flow amounting to RM494.3 million, an increase from the previous year of RM410.3 million. The Group continued to record collections from the handing over of 3,129 units of residential, commercial and industrial products during the year and encouraging sales of new and existing products.

RM' million	FY2021	FY2020
Operating Cash Flow	**494.3**	410.3
Investing Cash Flow	**(677.8)**	(116.4)
Financing Cash Flow	**(17.4)**	(18.7)
Net Finance Cost Paid	**(125.0)**	(135.2)
Dividends Paid	**(76.8)**	(208.4)
Net Borrowings Raised	**510.5**	124.4
Foreign Exchange Differences	**-**	2.5
Net Cash Flow	**107.8**	58.5

Net cash flow almost doubled from RM58.5 million to RM107.8 million, driven by higher operating cash flow, which in turn, was supported by progress billings and sales from completed inventories. Higher net borrowings raised of RM510.5 million were drawn to fund the Group's investing activities of RM677.8 million, comprising mainly the Group's equity injection for the Battersea Power Station project.

c. DEBT AND FUNDING MANAGEMENT

The Group's Borrowings

The Group continued to monitor its gearing position through quarterly rolling forecast of its cash flow projections, review of the maturity profile of borrowings and the nature and requirements of additional borrowings to ensure that the total debt level is maintained at a sustainable level. The Group uses, among others, gearing ratio to assess the appropriateness of its debt levels.

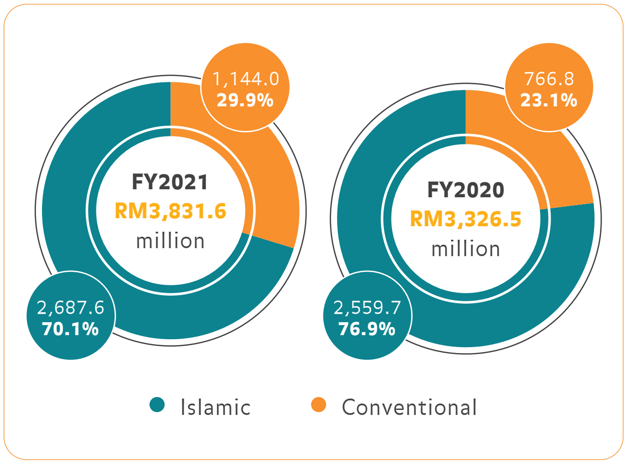
RM' million	FY2021	FY2020
Total Borrowings	**3,831.6**	3,326.5
Lease Liabilities	**66.7**	82.9
Total Debt	**3,898.3**	3,409.4
Cash and Bank Balances (including cash under Housing Development Accounts)	**909.7**	801.8
Total Equity	**9,326.5**	9,193.4
Gross Gearing Ratio (%)	**41.8**	37.1
Net Gearing Ratio (%)	**32.0**	28.4

Total borrowings of the Group amounted to RM3.8 billion as at 31 December 2021, which is an increase of 15.2 percent from the previous year's borrowings position of RM3.3 billion. This was mainly due to the borrowings raised for the equity injection in the Battersea Power Station project. Accordingly, both the gross and net gearing ratios of the Group, had increased to 41.8 percent and 32.0 percent, respectively from 37.1 percent and 28.4 percent a year ago.

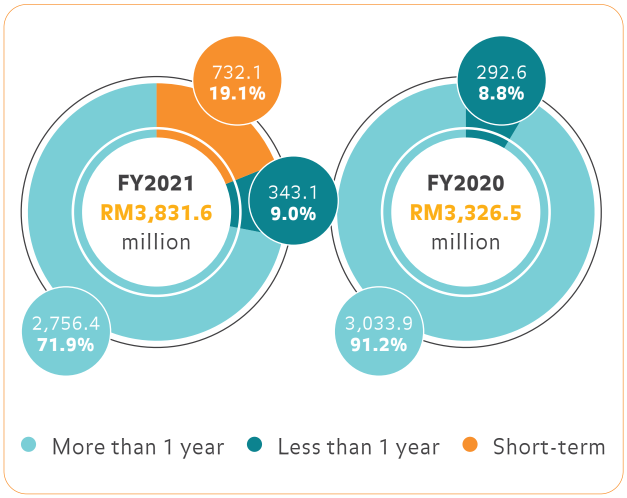
GROUP FINANCIAL REVIEW

Funding Mix

A well-balanced borrowing profile between conventional and Islamic borrowings was maintained by the Group in FY2021. Islamic borrowings amounted to RM2.7 billion or 70.1 percent of total Group borrowings whereas conventional borrowings constituted RM1.1 billion or 29.9 percent. Regardless, the higher conventional debt as a percentage of Total Assets of the Group of 7.5 percent as at 31 December 2021 compared with 5.2 percent as at 31 December 2020 was well below the threshold of 33.0 percent set by the Securities Commission to meet the criteria of a Shariah compliant counter on Bursa Malaysia.



As at 31 December 2021, borrowings due after one (1) year made up 71.9 percent of the Group's total borrowings, while 9.0 percent of the borrowings are due in less than one (1) year. The balance of 19.1 percent comprises borrowings under revolving credits which can be rolled over on a periodic basis. This allows the Group to manage its capital cost and cash flow in a more effective manner.



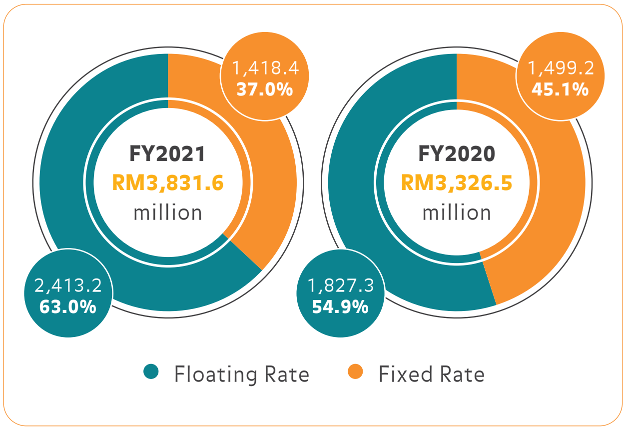
The Group maintains a well-spread borrowing repayment profile as part of the effort to maintain a sustainable debt management policy, by reducing concentration and refinancing risks of the Group.

RM' million	Short-term*	< 1 Year	1 to 2 Years	2 to 5 Years	> 5 Years
FY2021	**732.1**	**343.1**	**438.5**	**1,056.1**	**1,261.8**
Percentage (%)	**19.1**	**9.0**	**11.4**	**27.6**	**32.9**
FY2020	-	292.6	320.6	1,135.8	1,577.5
Percentage (%)	-	8.8	9.6	34.2	47.4

* *Short-term relates to amounts under revolving credit facilities which are rolled over on a periodic basis*

The increase in short-term borrowing was due mainly to the Group's ulitlisation of its short-term multi-currency facilities for the Battersea Power Station project investment, a natural hedging strategy, with the expectation of dividend repatriation.

The composition of fixed-rate borrowings over total borrowings of 37.0 percent as at 31 December 2021, lower than the 45.1 percent as at 31 December 2020 by 8.1 percent, as more revolving credit which is on floating rate basis, was drawn down.



GROUP FINANCIAL REVIEW

In the recent annual review conducted by MARC in December 2021 on the Group's RM4.5 billion IMTN Programme based on the Shariah principle of Musharakah ("Sukuk Musharakah Programme"), MARC reaffirmed Sime Darby Property's credit rating of AA+$_{IS}$ with a stable outlook status of the Sukuk Musharakah Programme.

There was no issuance of Sukuk Musharakah in FY2021 as the Group had sufficient funding for the year.

Financing facilities in place are summarised below:

RM' million	Facility Limit	Facility Limit Available
Bank Borrowings	4,650	1,065
IMTN Programme	4,500	3,700
Total	**9,150**	**4,765**

MOVING FORWARD

- The Group is optimistic of the gradual reopening of economy since the third quarter of FY2021, which is expected to bring positive impact to the nation's economy including the property sector.

- The pace of recovery of the property market in Malaysia will be highly dependent on the degree of disruption that the pandemic brings about as it evolves. Notwithstanding, the Group's strategic business and growth plans deployed since FY2020, refined periodically according to market conditions throughout FY2021, have enabled the Group to return to its profitable position in the year. The resilience embedded within the Group, as evidenced through its ability to overcome challenges in the past two (2) years, will allow the Group to ride the waves of recovery along with the economy.

- FY2022 will be the year in which the Group continues to harness its financial and operational strength for growth in the short to medium term; supported externally, by accelerating macro environment factors, and internally, through the implementation of the Group's transformation plan. Sime Darby Property will continue to remain agile and act proactively in accordance with the changing market conditions.

- Among the key focuses of the Group in FY2022 include:
    - o Strengthening the master developer model with strategic and diversified product launches in the pipeline (worth RM2.8 billion GDV) including industrial and residential landed and high-rise developments, coupled with placemaking to add value;
    - o Accelerating land bank management and monetisation plan, including lands under the call option agreement, to unlock and create value through strategic development plans;
    - o Expediting recurring income approach through new phases of development with industrial components;
    - o Continue to invest in growth enablers such as our people and technology, to support a sustainable business growth;
    - o Deploying effective working capital management and strategies – balancing the funding requirements for business growth with the need to maximise shareholders' return;
    - o Continue to preserve financial discipline throughout the year and beyond to maintain resilience; and
    - o Optimising cost structure via cost control initiatives focusing on procurement and design-to-cost, in order to remain competitive and maintain our market position.

- On this positive note, the Group is ready to tap into opportunities for further business expansion to broaden its income stream as part of its transformation journey from a pure play developer into a real estate company by 2025.

GROUP FINANCIAL REVIEW

STATEMENT OF VALUE ADDED

The Group's stakeholders include its employees, the Government and society, as well as shareholders. Supported by the improved performance following the reopening and gradual recovery of the economy, the Group generated a positive stakeholder value in FY2021 of approximately RM673.6 million, as compared to a negative value in the previous year that was adversely impacted by the pandemic. The Group remains committed in delivering sustainable value to its stakeholders.

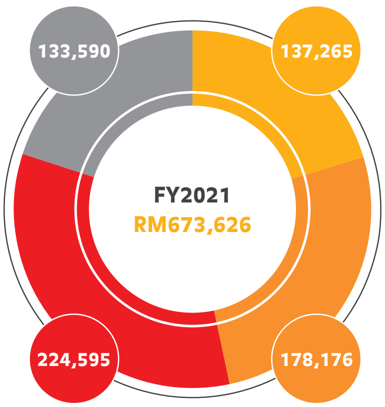
VALUE ADDED

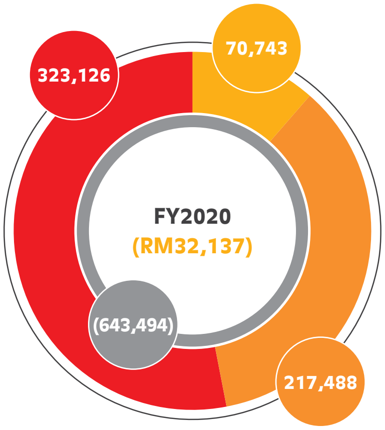
RM' thousand	FY2021	FY2020
Revenue	2,219,924	2,062,781
Direct and indirect costs	(1,630,501)	(1,711,744)
Value Added from Operations	589,423	351,037
Other operating income	12,752	15,806
Other losses	(2,520)	(88,022)
Share of results of joint ventures and associates	(28,802)	(420,902)
Finance income	102,773	109,944
Total Value Added	673,626	(32,137)

VALUE DISTRIBUTED

RM' thousand	FY2021	FY2020
Employees	178,176	217,488
Government and Society	137,265	70,743
Providers of Capital		
Dividends		
- Financial year ended 31 December 2021	68,008	-
- Financial year ended 31 December 2020	-	68,008
- Financial year ended 31 December 2019	-	136,017
Finance costs	142,503	153,082
Non-controlling interests	14,084	(33,981)
	224,595	323,126
Value Retained for Reinvestment and Future Growth		
Depreciation and amortisation	64,694	62,097
Addition to/(Reduction in) retained earnings	68,896	(705,591)
	133,590	(643,494)
Total Value Distributed	673,626	(32,137)

Total Value Distributed (RM' thousand)





- Providers of Capital
- Government and Society
- Employees
- Value Retained for Reinvestment and Future Growth

QUARTERLY PERFORMANCE

FINANCIAL RESULTS

RM' thousand	1QFY2021 31 Mar 2021	2QFY2021 30 Jun 2021	3QFY2021 30 Sep 2021	4QFY2021 31 Dec 2021	FY2021 Total
Revenue	589,487	502,825	388,240	739,372	**2,219,924**
Operating profit	103,087	56,398	8,682	123,632	**291,799**
Other (losses)/gains	(752)	1,324	(660)	(2,432)	**(2,520)**
Share of results from JVs & associates	(4,425)	(5,074)	(14,792)	(4,511)	**(28,802)**
Profit/(loss) before Interest and Tax	97,910	52,648	(6,770)	116,689	**260,477**
Profit/(loss) before Taxation	95,003	57,268	(4,825)	120,807	**268,253**
Profit/(loss) after Taxation	66,053	26,545	(15,939)	74,329	**150,988**
Profit/(loss) attributed to owners of the Company	60,607	19,905	(15,795)	72,187	**136,904**

SEGMENT RESULTS

RM' thousand	1QFY2021 31 Mar 2021	2QFY2021 30 Jun 2021	3QFY2021 30 Sep 2021	4QFY2021 31 Dec 2021	FY2021 Total
REVENUE					
Property Development	552,990	467,827	356,531	692,368	**2,069,716**
Investment & Asset Management	22,446	22,304	20,703	29,226	**94,679**
Leisure	14,051	12,694	11,006	17,778	**55,529**
Total	589,487	502,825	388,240	739,372	**2,219,924**
PROFIT/(LOSS) BEFORE TAX					
Property Development	93,968	52,165	5,157	103,976	**255,266**
Investment & Asset Management	4,179	8,270	(655)	15,227	**27,021**
Leisure	(3,144)	(3,167)	(9,327)	1,604	**(14,034)**
Total	95,003	57,268	(4,825)	120,807	**268,253**

* *Segment results after elimination*

GROUP FINANCIAL REVIEW

FY2018 TO FY2021 FINANCIAL SUMMARY

RM' thousand	12 Months Dec 2021 FY2021	12 Months Dec 2020 FY2020*	12 Months Dec 2019 FY2019	6 Months Dec 2018 FP2018	12 Months Jun 2018 FY2018
FINANCIAL RESULTS					
Revenue	**2,219,924**	2,062,781	3,179,994	1,269,145	2,353,104
Profit/(loss) before taxation	**268,253**	(474,804)	665,670	(38,146)	728,382
Profit/(loss) after taxation	**150,988**	(535,547)	590,881	(311,179)	684,286
Profit/(loss) attributable to owners of the Company	**136,904**	(501,566)	598,531	(318,700)	640,008
FINANCIAL POSITION					
Share capital	**6,800,839**	6,800,839	6,800,839	6,800,839	6,800,839
Shareholders' funds	**9,141,394**	9,013,844	9,721,710	9,209,519	9,734,587
TOTAL EQUITY	**9,326,537**	9,193,373	9,950,006	9,446,400	9,965,424
Property, plant and equipment	**615,247**	626,178	636,284	640,445	735,159
Investment properties	**774,002**	709,030	745,785	644,206	605,961
Inventories	**5,792,317**	6,234,325	6,532,772	6,752,621	6,779,463
Joint ventures	**3,161,988**	2,476,101	2,805,001	2,574,020	2,223,949
Cash (including cash in Housing Development Accounts)	**909,664**	801,837	743,338	649,090	749,395
Other assets	**4,003,442**	3,941,495	4,019,113	3,855,975	3,656,051
Total Assets	**15,256,660**	14,788,966	15,482,293	15,116,357	14,749,978
Borrowings	**3,898,348**	3,409,406	3,295,999	3,273,037	2,542,352
Other liabilities	**2,031,775**	2,186,187	2,236,288	2,396,920	2,242,202
Total Liabilities	**5,930,123**	5,595,593	5,532,287	5,669,957	4,784,554
NET ASSETS	**9,326,537**	9,193,373	9,950,006	9,446,400	9,965,424
FINANCIAL RATIOS (%)					
PBT/(LBT) margin	**12.1**	(23.0)	20.9	(3.0)	31.0
PATAMI/(LATAMI) margin	**6.2**	(24.3)	18.8	(25.1)	27.2
Return on average shareholders' funds	**1.5**	(5.4)	6.3	(3.4)	8.0
Gross gearing ratio	**41.8**	37.1	33.1	34.6	25.5
Net gearing ratio	**32.0**	28.4	25.7	27.8	18.0
SHARE INFORMATION					
Basic earnings/(loss) per share (sen)	**2.0**	(7.4)	8.8	(4.7)	11.1
Dividend per share (sen)	**1.0**	1.0	3.0	1.0	5.0
Net assets per share attributable to owners of the Company (RM)	**1.34**	1.33	1.43	1.35	1.43

Note:

* *FY2020 restatement arises from the adoption of the Agenda Decision on the International Accounting Standards 23 Borrowing Costs effective 1 January 2021*

FINANCIAL CALENDAR

FINANCIAL RESULTS

Announcement of Unaudited Consolidated Results

1st Quarter Ended 31 March 2021 — **27 May 2021**

2nd Quarter Ended 30 June 2021 — **26 August 2021**

3rd Quarter Ended 30 September 2021 — **25 November 2021**

4th Quarter Ended 31 December 2021 — **24 February 2022**

Audited Consolidated Results

Financial Year Ended 31 December 2021 — **25 March 2022**

DIVIDEND

Interim Single Tier Dividend of 1.0 Sen per Ordinary Share

Announcement of the Notice of Entitlement and Payment	Date of Entitlement	Date of Payment
26 August 2021	29 October 2021	16 November 2021

49TH ANNUAL GENERAL MEETING

Notice Date — **25 April 2022**

Meeting Date — **24 May 2022**

INVESTOR INFORMATION

The Group's Investor Relations ("IR") unit places great emphasis on carrying out efficient IR activities with the investment community at large. It plays a crucial role in engaging and disseminating information on strategies, corporate developments and the Group's financial and operational performance to existing shareholders, as well as the broader investment community. Management conducts regular engagements and communications with shareholders, fund managers and financial analysts, both domestically and internationally.

The Board of Directors and Executive Leadership team are appraised regularly of feedback collated via investor engagement sessions and the sell-side analysts' reports through bi-monthly and quarterly IR reports, as well as summary of analyst reports for quarterly results.

INVESTOR RELATIONS ENGAGEMENT CHANNELS

Channel	Details	Target Audience
Corporate Website and Email	• The IR team maintains the IR section of the corporate website at https://www.simedarbyproperty.com/investor-relations in a timely and accurate manner. • The website is our key online repository for providing up-to-date and historical investor-related information to enable investors to make timely and sound investment decisions. • The IR team can also be reached at investor.relations@simedarbyproperty.com.	• Institutional investors • Fund managers • Financial analysts • Retail investors/Minority shareholders • Media • Bankers
Quarterly Analyst Briefing	• The Group held virtual analyst briefings for its four quarterly result announcements in 2021, whereby briefings were conducted via webcast and virtual meeting platform, allowing both local and foreign participants to participate remotely. Virtual briefings are essential during the pandemic as participants would prefer to join virtually rather than attend a physical session. • Presentation materials provided during the briefings are clear and concise to respond to key matters and are available for download on the Group's website.	• Institutional investors • Fund managers • Analysts • Bankers
One-on-One or Small Group Virtual Meeting	• One-on-one and small group meetings provide opportunity for institutional investors, fund managers and analysts to gain better insight of the business performance, corporate developments and strategic direction. • Mainly held via conference calls or virtual meetings.	• Institutional investors • Fund managers • Analysts
Investor Conference	• The Group also participates in investor conferences in Malaysia organised by research houses/investment banks. Corporate developments, strategic direction and financial and operational performance updates are shared with the analysts, fund managers and investors at these events. • This channel is important to attract interest of new institutional investors/fund managers to invest in the Group, while maintaining the interest and rapport with existing investors.	• Institutional investors • Fund managers • Analysts

INVESTOR INFORMATION

Channel	Details	Target Audience
Annual General Meeting	• In addition to serving as an avenue for existing shareholders to vote on the proposed resolutions of the Group, the Annual General Meeting is an important platform available for the Management and shareholders to communicate in an engaging manner. • The Management will leverage on this event to recap last year's performance and convey ongoing strategic plans, key developments and performance updates. Shareholders are given the opportunity to raise questions during the session. • The 48th Annual General Meeting was held on 6 May 2021 virtually, due to the pandemic.	• Retail investors/Minority shareholders • Media

IR CALENDAR FOR FY2021

In FY2021, the Group maintained an active IR calendar of timely, consistent and transparent engagement activities with our investment community. Throughout the year, we have conducted the following IR activities:

- Five (5) analyst briefings, including four (4) quarterly result analyst briefings with an average of 52 sell-side, buy-side and bankers participating in each briefing and one (1) group briefing in conjunction with a corporate development announcement.
- 14 engagements with 76 investors, fund managers and analysts via one-on-one or small group management virtual meetings and investor conference.
- 48th Annual General Meeting.

DIVIDEND POLICY

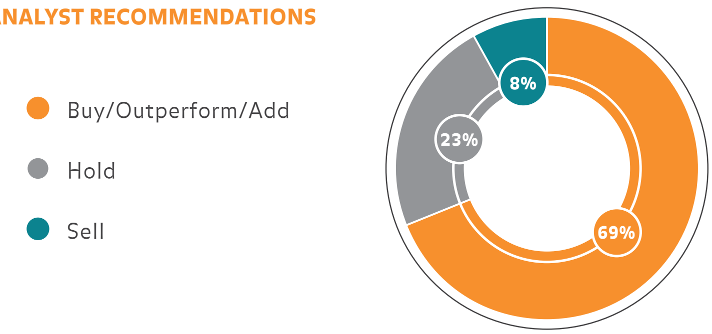
The Group has been continuously paying dividends from FY2018 to FY2020 at a historical dividend payout ratio range (excluding one-offs) of 65.4 percent to 133.4 percent. In the current financial year, dividend payout ratio is at 49.7 percent. Moving forward, the Group is committed towards maximising shareholders' returns vis-à-vis taking into account funding requirements for growth and transformation.

BROAD RESEARCH COVERAGE

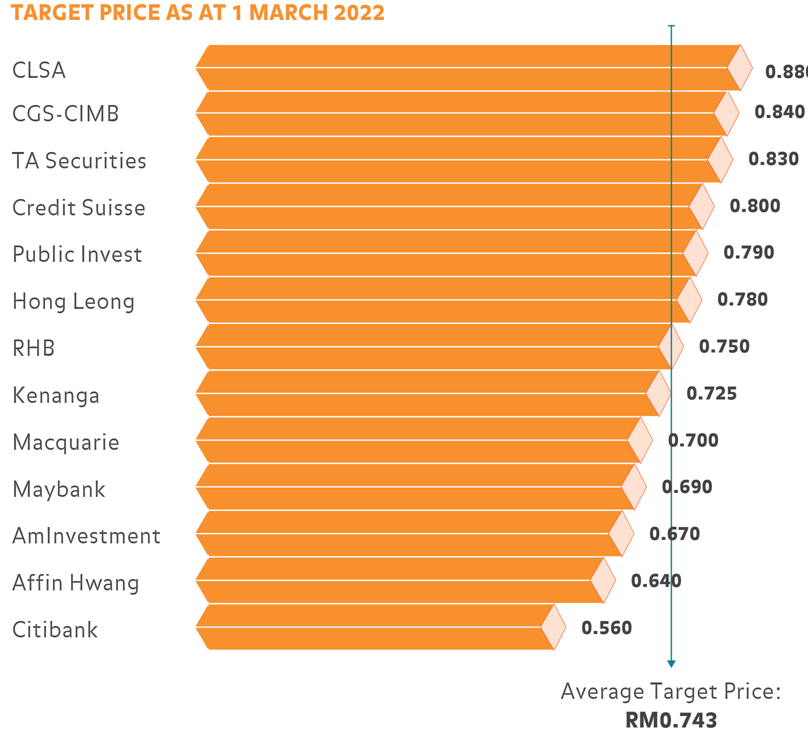
Total research houses that issued analyst coverage reports for Sime Darby Property remained at 12 in the financial year and the Group welcomed Hong Leong Investment Bank's initiation of coverage in February 2022. As at 1 March 2022, the Group garnered 69.0 percent Outperform/Buy/Add rating, 23.0 percent Hold rating, and 8.0 percent Sell rating, with an average target share price of RM0.743, approximately 20.8 percent higher than the closing price on 1 March 2022 of RM0.615.

The average target share price translates to a discount on Revalued Net Asset Value ("RNAV") and Price-to-Book Value ("P/BV") of 57.0 percent. The summary of the research analysts' rating recommendation and the target price is detailed below:

ANALYST RECOMMENDATIONS



TARGET PRICE AS AT 1 MARCH 2022



INVESTOR INFORMATION

SUMMARY OF INVESTOR INTEREST:

The investors' key focus areas and our responses are tabulated as below:

Focus Area	Our Response
Value Proposition	• Sime Darby Property is an established property developer with a track record of 50 years in developing sustainable townships and communities. Its growth in the industry is represented by the 25 strategically located and active townships/developments built to date that are connected to major highways and transportation hubs within key growth areas and economic zones. • The properties developed by the Group are extensive, consisting mainly of residential freehold units which range from affordable to high-end segments, landed and high-rise units, as well as industrial and logistics, retail, commercial, and niche developments. Its ability to deliver quality products to its customers over the last 50 years has cemented its position among Malaysians as an experienced and trusted property developer. • The Group also marks its presence in the United Kingdom as part of a Malaysian consortium to redevelop the iconic Battersea Power Station in Central London. • The Group is pursuing a transformation journey with an end-goal by 2025 of transforming itself from a pure play property developer to a real estate company with a diversified business model in place, of which non-property development or recurring operating profit to constitute approximately 30.0 percent of total operating profit. • Expansion of Industrial & Logistics Development business is identified as an opportunity for the recurring income approach, supported by approximately 2,800 acres of industrial land possessed by the Group across six major townships, namely Elmina Business Park, Bandar Bukit Raja, Bandar Universiti Pagoh, Serenia City, Nilai Impian and Malaysia Vision Valley 2.0 ("MVV 2.0"), which is a large-scale 30-year project in the Malaysian Government's 11th Malaysia Plan and the National Transformation Plan to drive Malaysia's long-term economic growth. • The Group owns approximately 15,400 acres of land bank most of which are located strategically on the west coast of Peninsular Malaysia with a total estimated GDV of RM104.4 billion and has access to a further approximately 20,000 acres of land bank via call option agreements. Its land bank is strategically connected to major highways and mainly within key growth areas and economic corridors from the central region of the Klang Valley all the way to Negeri Sembilan and Johor in the south, which the Group foresees to have significant potential to be realised in the immediate future and also in the long term. • With the extensive existing land bank, the Group will accelerate its efforts to unlock value via a viable land development pipeline and foresee the success of it to contribute to sustainable earnings over the next 15 to 20 years, particularly in the City of Elmina, Bandar Bukit Raja, Serenia City, KLGCC Resort, Elmina Business Park, MVV 2.0, Hamilton Nilai City and Bandar Universiti Pagoh. • The Group launched its new 2,723-acre township named Hamilton Nilai City in October 2021, which is a full-fledged managed industrial township in MVV 2.0. • Bandar Universiti Pagoh is identified as another industrial growth township for the Group. Following the launch of the Pagoh Special Economic Zone in March 2021 by the Government, the Group will develop the first phase involving 850 acres to house the Industrial and Entrepreneurship Park with an estimated GDV of RM1.1 billion in the next five to seven years. • Sime Darby Property's transformation journey is supported by a few identified key enablers, including its people, technology & innovation, procurement, manpower and safety & sustainability. • The Group has been recognised with numerous real estate industry awards throughout the years. In 2021, Sime Darby Property continues to be recognised as a top property developer in 'The Edge Malaysia's Top Property Developers Awards', achieving the feat for the tenth year running. The Group was also named as 'EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award 2021', as well as the winner in PwC Malaysia's 'The Building Trust Awards 2021' under the FBM Mid 70 Index category. • The Construction Industry Development Board Malaysia ("CIDB") has honoured Sime Darby Property with six High QLASSIC Achievement Awards, for its respective projects, namely Elmina Green Phase 1 in the City of Elmina, Ayra 1, Ayra 2 and 3 Avenue in Bandar Bukit Raja, Adiva in Serenia City, as well as Harmoni Vista in Bandar Universiti Pagoh. • Sime Darby Property is also a MSCI ESG-rated constituent with a rating of BBB.

INVESTOR INFORMATION

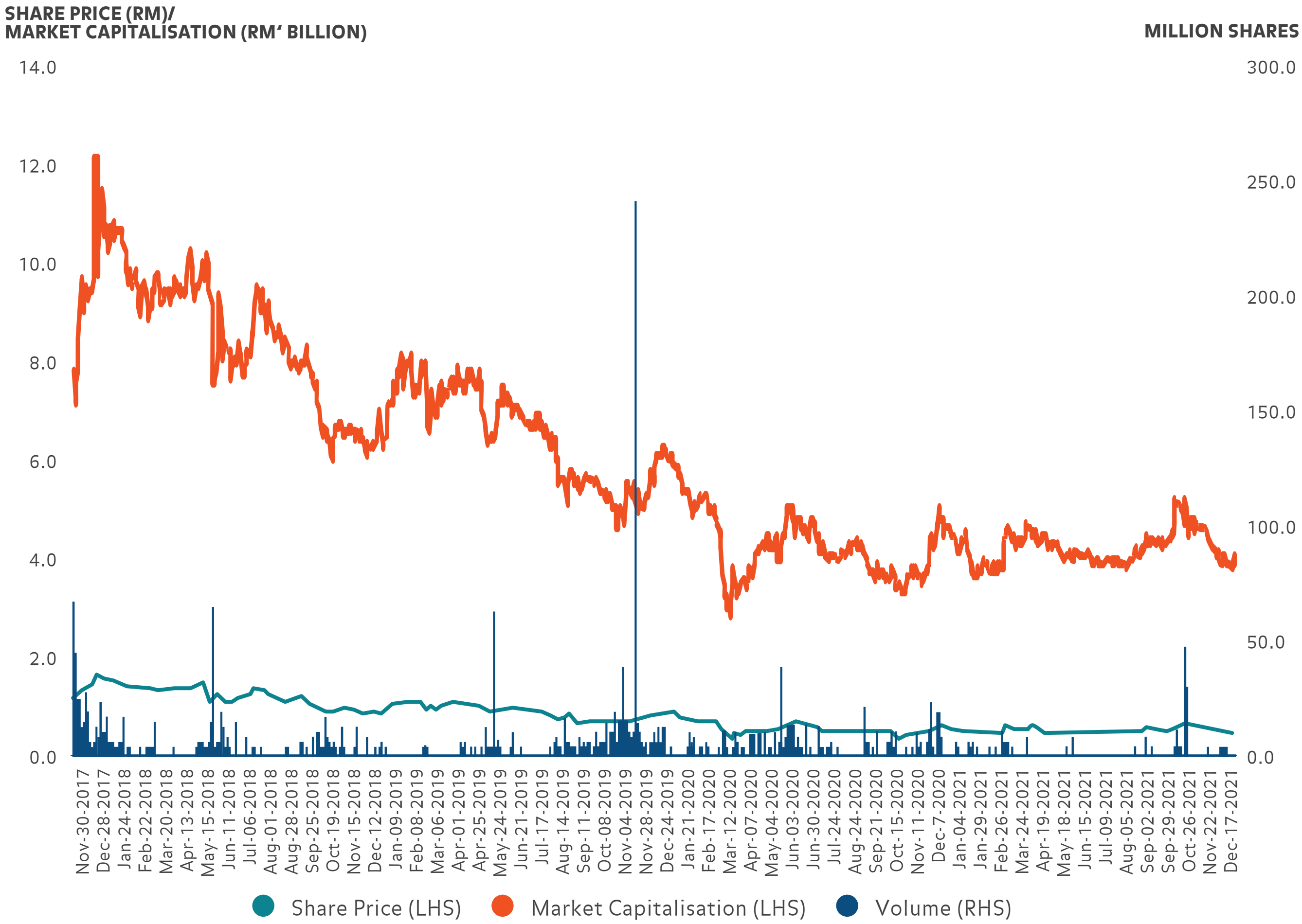
Focus Area	Our Response
Financial Performance	• The Group's reported revenue and profit attributable to owners of the Company of RM2.2 billion and RM136.9 million respectively in FY2021, improved by 7.6 percent and 127.3 percent respectively from the previous financial year. The financial improvement was underpinned by the improved (i) Property Development segment buoyed by strategic launches and progressive development activities; and (ii) Investment & Asset Management segment due to full-year contribution from the KL East Mall, as well as lower share of losses from joint ventures. • The Group did not have one-offs in FY2021 as compared with one-offs at RM614.3 million in FY2020. • Sime Darby Property's ambition to expand its Industrial & Logistics Development business pivoted by the Industrial Development Fund serves as a key stepping stone to enhance recurring income in the long term. • Land bank management and monetisation is a key focus to accelerate developments in prime locations. This involves assessing the exercise of call option agreements for further land bank acquisition and expedite asset monetisation to unlock the value of non-core assets. • Sime Darby Property continues to preserve financial discipline and deploy prudent financial management, which include cash flow and inventory management. The Group's cash balance increased by 13.4 percent yearly in FY2021. Unsold inventories reached a new low of RM329.6 million, declining by 42.5 percent from FY2020.
Capital Management and Dividend Payment	• Sime Darby Property's capital management plan focuses on building up a sustainable financial model to increase long-term shareholders' value. • As part of the funding plans, the Group activated the RM4.5 billion Sukuk Musharakah Programme for Sustainability Sukuk in FY2020. In December 2021, MARC reaffirmed an investment-grade rating of AA+$_{IS}$ and stable outlook for the Sukuk. • Sime Darby Property adopts monetisation approach to dispose of low-yielding and non-core investment assets, as well as lands. Proceeds of the disposals are repatriated for internal working capital and business expansion purposes. In the year under review, the Group disposed of its investment asset in Vietnam and monetised land in Kedah. • In October 2021, the Group proposed to purchase a 760-acre land in Labu, Negeri Sembilan by exercising its first right of refusal, as part of a strategic development in MVV 2.0. This land acquisition, together with any upcoming ones, will synergise the Group's strategic transformation and expansion plans while managing its capital requirements. • The Group leverages on JVs/partnerships and a new fund management platform for project funding on catalyst investment assets and business expansion. In September 2021, the Group formed a partnership to develop and manage a fund management platform for Industrial & Logistics Development business expansion. • The Group shall maintain a debt-to-equity ("D/E") ratio of not exceeding 50.0 percent. As at 31 December 2021, the Group's gross and net D/E ratios remained moderate at 41.8 percent and 32.0 percent, respectively. Sime Darby Property continues to monitor closely its gearing level from time-to-time, ensuring it is maintained at a sustainable level. • The Group maintains a healthy cash position to ensure its liquidity. Sime Darby Property's cash and cash equivalents stood at RM909.7 million as at 31 December 2021, out of which RM494.3 million was generated from operating activities during the year. • The Group always makes its best effort to maximise shareholders' return. For the financial year under review, Sime Darby Property recorded a dividend payout ratio of 49.7 percent by declaring a total of 1 sen dividend per ordinary share to its shareholders.
Key Overseas Exposure	**Battersea Power Station Project** • The housing sector in the United Kingdom improved in 2021 with lesser extent of uncertainty as a result of economic recovery aided by the onset of global vaccinations, reopening of business from lengthy lockdowns, shift in consumer preferences on new products post pandemic. • Despite the new variant of the pandemic, the outlook of the Battersea Power Station project remains promising, and the Group will continue to monitor the investment closely to ensure efficient capital management and the progressive development and delivery of the project. • Our priority for the next five years is to focus on our growth in Malaysia. Notwithstanding, the Group will consider international expansion opportunities should they arise, by leveraging on our presence in the redevelopment of the Battersea Power Station in the United Kingdom and experience gained from managing the project.

INVESTOR INFORMATION

Focus Area	Our Response
Board & Management Leadership and Employee Capabilities	• The Board is chaired by Rizal Rickman Ramli, who is also the Chief Investment Officer, Real Estate of Permodalan Nasional Berhad ("PNB"), and consists of experienced Board Members with deep expertise in economy, property, as well as regulatory and governance. • The Group is led by Dato' Azmir Merican and management leaders with proven track records across different fields including the property sector. They are supported by talented and committed employees of the Group. • Sime Darby Property will prioritise on developing and maintaining a competent and sustainable pool of talent to ensure seamless succession planning.

SHARE PRICE & MARKET CAPITALISATION

	Calendar Year Ended			Quarter Ended							
	Dec 2017	Dec 2018	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021
Price – Highest (RM)	1.78	1.69	1.19	0.91	0.75	0.72	0.74	0.69	0.70	0.67	0.76
Price – Lowest (RM)	1.11	0.92	0.73	0.49	0.53	0.57	0.59	0.57	0.60	0.59	0.59
Market Capitalisation on Last Trading Day (RM' Billion)	12.1	6.8	6.2	3.7	4.6	3.9	4.5	4.4	4.1	4.5	4.0
Average Volume Traded (Million Shares)	19.5	4.8	6.2	4.1	7.8	3.2	7.0	3.4	2.0	1.3	4.0

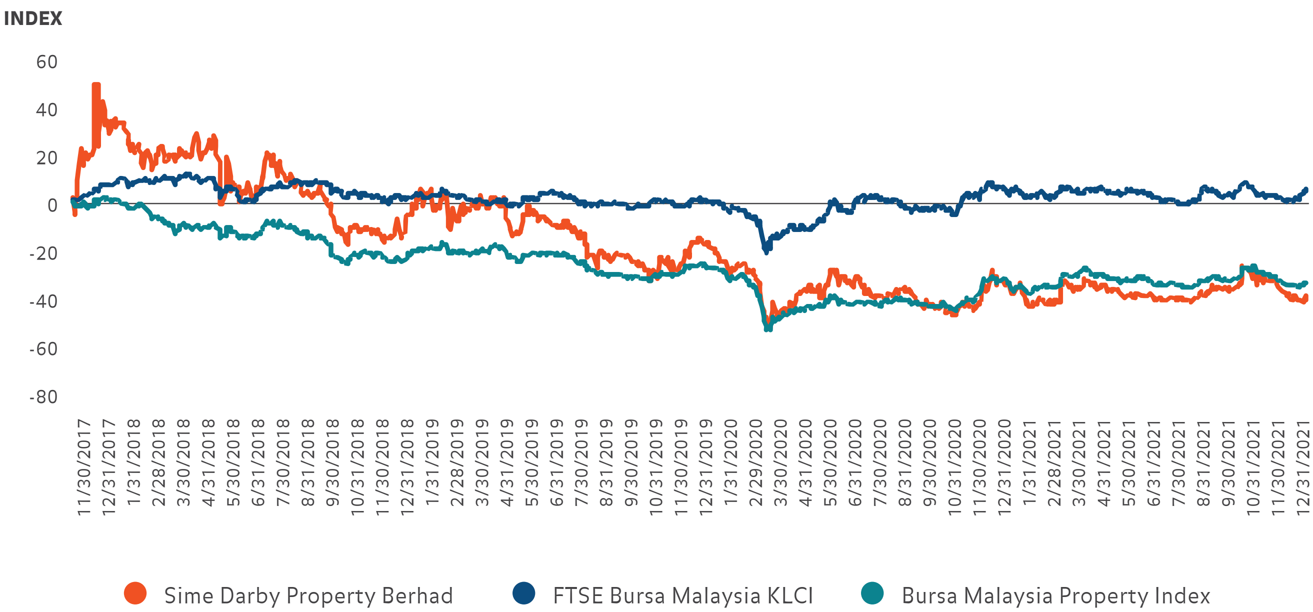


Performance Review

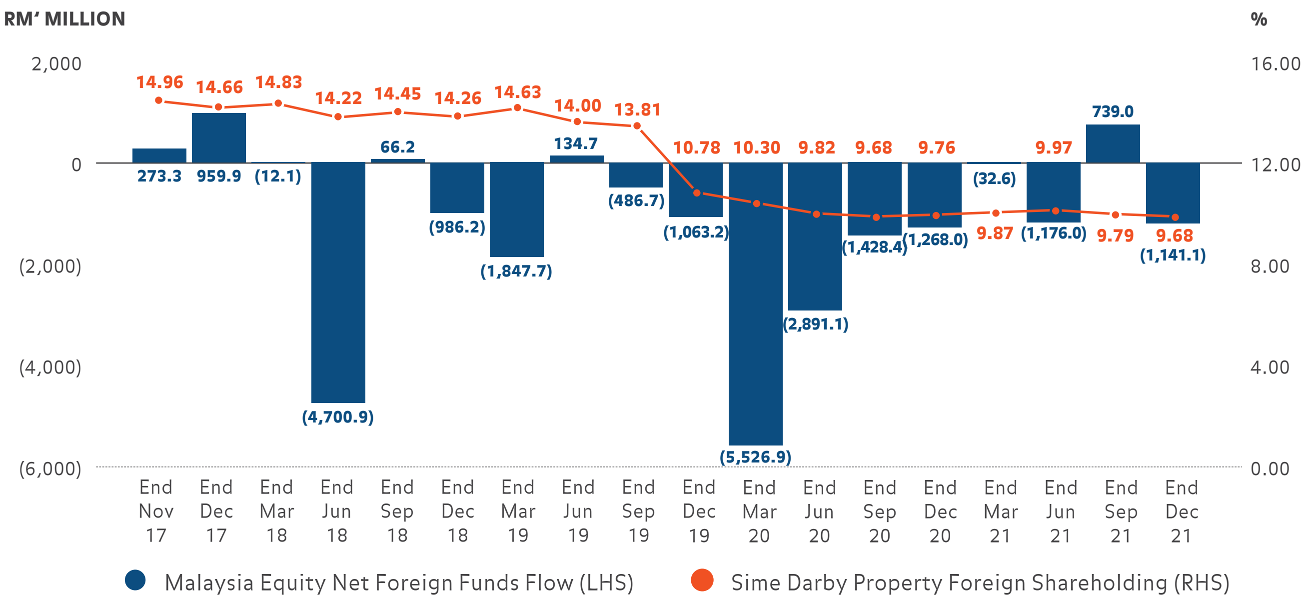
INVESTOR INFORMATION

SIME DARBY PROPERTY'S TOTAL SHAREHOLDER RETURN ("TSR") VS FMBKLCI & BURSA MALAYSIA PROPERTY INDEX TSR

	30 November 2017 – 31 December 2021	1 January 2021 – 31 December 2021
Sime Darby Property TSR	-44.0%	2.2%
FBM KLCI TSR	3.4%	2.3%
Bursa Malaysia Property Index TSR	-36.8%	7.9%

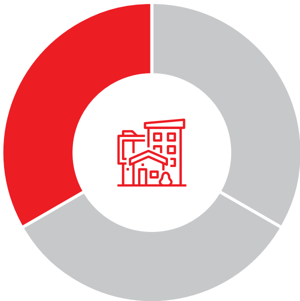


MONTHLY FOREIGN SHAREHOLDINGS



Source: Sime Darby Property's Website, MIDF Fund Flow Report

OPERATIONS REVIEW



PROPERTY DEVELOPMENT

The Property Development segment has approximately 15,400 acres of land bank, with a potential GDV of RM104.4 billion, located mainly in the Klang Valley, as well as in Negeri Sembilan and Johor. Our core offerings include landed-residential and high-rise products, as well as industrial-themed developments.

Lumira Park, Bandar Bukit Raja

OVERVIEW

TOWNSHIP AND INTEGRATED DEVELOPMENT

The Group boasts a successful track record of 50 years in delivering landed and high-rise properties covering residential, commercial and industrial & logistics developments. Our broad product spectrum, which includes affordable-to-luxury homes, malls, eco-parks, office buildings, shop lots and industrial business parks, captures various market segments and caters to different lifestyle preferences, affordability and business needs.

Park in Elmina Garden, City of Elmina

INDUSTRIAL & LOGISTICS DEVELOPMENT

The Group has expanded into Industrial & Logistics Development ("ILD") business as part of product diversification. Our projects include the Elmina Business Park in Shah Alam, which is set to be the largest freehold industrial park in the Klang Valley, as well as Bandar Bukit Raja in Klang, Serenia City in Sepang and the MVV2.0 in Negeri Sembilan. In addition, we are also involved in the Pagoh Special Economic Zone in Johor. The latter is a joint initiative between the Federal Government, Johor State Government and Sime Darby Property aimed at spurring the economic and industrial growth in Pagoh and develop the northern region of Johor's economic zone by 2045.

Cipta Utara, Serenia City's upcoming Industrial Park

BATTERSEA POWER STATION

The Battersea Power Station project is one of Central London's largest new destinations which covers an area of 42 acres. It is a JV project between the Group, SP Setia Berhad and the Employees Provident Fund ("EPF"). Upon completion, the project will comprise approximately 3.5 million sq. ft. of mixed commercial space of shops, restaurants, cafes, leisure facilities and office space, combined with over 4,000 homes. The development will also feature 19 acres of public space including a six-acre public park and a town square, named Malaysia Square.

Battersea Power Station, located in the heart of Central London

OPERATIONS REVIEW

KEY BUSINESS HIGHLIGHTS

The Property Development segment remained the main contributor to the Group's income in FY2021. For the year under review, it accounted for 93.2 percent of the total Group revenue.

Despite challenges posed by a series of lockdowns under the MCO, the segment recorded an improved performance for FY2021. This was achieved through strategic new launches which were supported by effective online sales & marketing efforts, the HOC and prevailing low-interest rates to spur interest from homebuyers, as well as the segment's focus on clearing unsold inventories.

Our new residential launches – Elmina Green 5, City of Elmina; Lyra, Bandar Bukit Raja; Serenia Aiora, Serenia City; Dayana 1 & 2, Nilai Impian; and Maya Ara Residences, Ara Damansara – registered good take-up rates of more than 85.0 percent.

In the ILD segment, we launched two new industrial townships, namely the Pagoh Special Economic Zone in Johor and the Hamilton Nilai City at MVV 2.0 in Negeri Sembilan.

Launched in March 2021, the Pagoh Special Economic Zone is a joint initiative between the Federal Government, Johor State Government and Sime Darby Property. The project is envisioned to spur economic and industrial growth in Pagoh and develop the northern region of Johor's economic zone by 2045. The first phase, involving 850 acres, will house the Industrial and Entrepreneurship Park, with an estimated GDV of RM1.1 billion, in the next five to seven years.

The Group has unveiled Hamilton Nilai City, which is a 2,723-acre township comprising predominantly industrial, as well as several mixed developments that will be activated after five (5) years. The first phase of Hamilton Nilai City is the Hamilton Industrial Park, which was launched on 21 July 2021. This industrial park consists of 514 acres of land, focusing on medium to heavy manufacturing-based industries, and has received promising response from industrialists.

Maya Ara Residences, Ara Damansara

●

New residential launches **Elmina Green 5, City of Elmina; Lyra, Bandar Bukit Raja; Serenia Aiora, Serenia City; Dayana 1 & 2, Nilai Impian; and Maya Ara Residences, Ara Damansara** – registered good take-up rates of more than **85%**

●●

Industrial and Entrepreneurship Park at the Pagoh Special Economic Zone with an estimated **GDV of RM1.1 billion** in the next five to seven years

FINANCIAL PERFORMANCE

The segment registered an increase of 7.7 percent in revenue to RM2.1 billion for the year under review compared with RM1.9 billion in FY2020. Growth was driven mainly by higher sales and development activities in the City of Elmina, Elmina Business Park, Bukit Jelutong, Bandar Ainsdale and KLGCC Resort, coupled with higher sales of completed inventories in KL East, KLGCC Resort, Melawati and Planters' Haven.

The segment's bottom line improved significantly, with a profit of RM255.3 million for FY2021 as compared to a loss of RM354.7 million (or a profit of RM184.2 million excluding one-offs) in FY2020 when development activities and sales were negatively impacted by the initial waves of COVID-19 and implementation of MCO.

In FY2021, the segment also registered lower share of losses from joint ventures and associates of RM24.2 million versus the losses of RM394.4 million (or losses of RM57.3 million, excluding one-offs) in FY2020. The improvement was mainly due to higher contribution from our PJ Midtown project and the lower operating expenses incurred by the Battersea Power Station development in the year under review.

KEY INITIATIVES

Focused on building sustainable and vibrant townships, while introducing more placemaking and sustainability elements into townships such as:

Lifestyle Mall	Sports & Recreational Activities
Commercial Activities	Education Centres

Serenia City's FIFA-sized Football Field

RESULTS & ACHIEVEMENTS

- Completed the KL East Mall and a FIFA-size football field in Serenia City
- Ongoing projects: Kolej Yayasan Saad ("KYS") International School, KL East Eco Park
- Projects in planning stage: Developments within Senada Residences, Elmina City Centre, F&B outlets at sales galleries

KEY INITIATIVES

Ensured consistency in GDV launches and sustainable product pipelines

RESULTS & ACHIEVEMENTS

- Recorded strong sales which contributed to steady revenue growth for the Group
- Strong brand name from active launching activities

KEY INITIATIVES

Focused on rolling out quality products that meet market demand and customer needs, as well as identified the right pricing and product mix

RESULTS & ACHIEVEMENTS

- Achieved 85.0 percent in take-up rates for new launches, including Elmina Green 5, Dayana Phase 1 & 2 and Maya Ara Residences
- Strengthened position as a reputable lifestyle developer that contributes to value creation for communities, investors and other stakeholders

KEY CHALLENGES FOR 2022

- Sustaining revenue growth and product pipeline
- Product diversification across all market segments

OPPORTUNITIES

- Venture into new growth areas to boost financial performance and ensure healthy product pipeline
- Expand further into the industrial and logistics segment for product diversification

OPERATIONS REVIEW

OUTLOOK & PROSPECTS

In line with the recovery of Malaysia's economy, the Property Development segment expects higher sales activities in the primary market in FY2022, supported by the prevailing low-interest-rate environment.

Demand in the local property market will also be sustained by certain measures initiated by the Government under Budget 2022. These include the removal of the Real Property Gains Tax ("RPGT") for house sales from the sixth year onwards and the resumption of the Malaysia My Second Home ("MM2H") programme.

By type, landed residential projects are expected to be the most in demand, and will make up the majority of sales transactions in the Klang Valley.

To take advantage of the positive momentum, the Property Development business has planned new launches worth RM2.8 billion in GDV for FY2022, comprising mainly residential and industrial products.

From FY2022 onwards, the Group will look into the replenishment of its land bank to facilitate a secure project pipeline and ensure business continuity.

Meanwhile, the industrial and logistics market has shown encouraging improvement since the easing of the lockdowns and MCOs in the fourth quarter of 2021, following the successful roll-out of COVID-19 vaccination programmes across the country.

Moving forward, the strategic priorities of the Property Development segment for FY2022 are:

- Strengthening our brand as the best-in-class lifestyle developer by offering quality and sustainable products to customers
- Creating lifestyle-centric developments by incorporating catalytic and placemaking assets in developments with a focus on sustainability
- Maintaining the momentum of revenue growth and creating new product pipelines across market segments (residential and industrial), while enhancing the identities of our townships
- Improving cost efficiency and ensure continuous profitability by focusing on launching market receptive residential products, targeted land monetisation and implementation of impactful marketing campaigns

Lumira, Bandar Bukit Raja

INVESTMENT & ASSET MANAGEMENT

Our Investment & Asset Management segment manages the Group's retail, office, and industrial assets in the Klang Valley, as well as in Singapore and the United Kingdom. Through concession arrangements, the business also provides asset management services for the Pagoh Education Hub, which houses four (4) higher educational institutions in Johor.

Aerial view of the Battersea Power Station development in Central London

OPERATIONS REVIEW

OVERVIEW


Oasis Square, Ara Damansara


Industrial Gateway II, Bandar Bukit Raja

COMMERCIAL ASSETS

Our key commercial assets in the Klang Valley include, Wisma MRT, ReGen Rehab Hospital, as well as Block F and Block G in Oasis Square. Our overseas assets, held via JVs, include the Sime Darby Business Centre in Singapore and the Battersea Power Station in the United Kingdom.

INDUSTRIAL & LOGISTICS DEVELOPMENT

Through a partnership with Mitsui & Co., Ltd and Mitsubishi Estate Co., Ltd, we are developing the Bandar Bukit Raja Industrial Gateway, with three (3) tenants at two of our Built-to-Lease ("BTL") assets, and more in the pipeline. It is expected that the ILD segment would provide the Group with a stable and sustainable recurring income portfolio.

KEY BUSINESS HIGHLIGHTS

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The Group formed a

51:49

JV with LOGOS Property in September 2021

●●

The segment commanded an NLA of about

5.4 **million sq. ft.**

●●●

100%

occupancy rate for key commercial assets


Aerial view of the E-Metro Logistics Park at Bandar Bukit Raja

Sime Darby Property's first wholly-owned retail mall, KL East Mall

Pagoh Education Hub, Bandar Universiti Pagoh

RETAIL

Our retail portfolio includes KL East Mall, which is the Group's first wholly-owned retail mall development with 400,750 sq. ft. in Net Lettable Area ("NLA"), as well as Melawati Mall, which comes with an NLA of 614,642 sq. ft., and held under our 50.0 percent-owned JV with CapitaMalls Asia Ltd. The incoming portfolio pipeline include proposed retail developments in Senada Residences and Elmina City Centre.

CONCESSION ARRANGEMENT

The Concession Arrangement segment provides asset management services for the campus facilities and infrastructure for the Pagoh Education Hub in Bandar Universiti Pagoh.

Sime Darby Property became the first public-listed developer in Malaysia to introduce a fund management platform focused on the development of industrial and logistics assets.

Overall, the portfolio of the Investment & Asset Management segment commanded an NLA of about 5.4 million sq. ft., encompassing commercial, retail, hospitality, industrial and other assets in Malaysia, Singapore and the United Kingdom, with an average occupancy rate of 94.0 percent as at 31 December 2021.

The Group's key assets performed relatively well despite the varying degree of restrictions under the MCO amid the rise in COVID-19 cases in Malaysia in 2021.

We maintained a 100.0 percent occupancy rate for key commercial assets, namely Wisma MRT, ReGen Rehab Hospital and Block G in Oasis Square. Apart from that, the Group also managed to keep rental rates on par with the average market rate despite the negative impact of COVID-19 on the office sector. Net Property Income ("NPI") yield for these assets remained healthy at more than 5.0 percent.

In addition, we secured new tenants for the two malls operated by the Group - KL East Mall and Melawati Mall, including some notable brands such as Tomei, Uniqlo, Rakuzen, Li-Ning and Levi's, in 2021. This was an encouraging feat, given the challenges faced in the retail sector due to the impact of the COVID-19 lockdowns.

In September 2021, the Group formed a 51:49 JV partnership with LOGOS Property to establish a fund management platform to manage funds for the logistics sector, as well as provide development services, targeting capital commitments of equivalent to US$200 million from accredited and institutional investors.

OPERATIONS REVIEW

KL East Mall

FINANCIAL PERFORMANCE

For the year under review, the Investment & Asset Management segment contributed RM94.7 million in revenue, marking a 37.2 percent increase from RM69.0 million in FY2020. The growth in revenue was driven mainly by higher contribution from the retail business and concession business in the Pagoh Education Hub, while several key commercial assets continued to see encouraging occupancy rates and the ILD business remained in an expansionary mode.

The segment's PBT increased 129.4 percent to RM27.0 million in FY2021 as compared to a loss of RM92.0 million (or a loss of RM16.6 million excluding one-offs) in FY2020. The improvement is mainly attributable to KL East Mall as the prior year's results were impacted by pre-operating expenditure incurred in preparation for the opening of the new mall, as well as lower share of losses from Melawati Mall during the year in review.

KEY INITIATIVES

Expanded portfolio by investing into new asset classes:

1. Embarked on Fund Management business through our tie-ups with strategic partners to enhance Industrial & Logistics Development
2. Invested in placemaking/catalytic assets, with reasonable yields and growth potential on a standalone basis, to improve the value of existing developments

RESULTS & ACHIEVEMENTS

- Establishment of an inaugural fund management platform within the ILD segment via a JV partnership with LOGOS Property in September 2021. Sime Darby Property will hold 51.0 percent equity of the JV partnership, becoming the first public-listed developer in Malaysia to venture into the creation of development funds within this sector. A 177-acre site is allocated to generate close to 8 million sq. ft. in gross lettable area within Bandar Bukit Raja to leverage the township's strength as an established industrial township due to its strategic connectivity and access to essential infrastructure in the Klang Valley.
- Completion of a 2-storey warehouse, with a total NLA of around 180,000 sq. ft. and a 100.0 percent occupancy rate, at the Bandar Bukit Raja 1 Plot 10. This is part of our ongoing development with Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd. to develop the Bandar Bukit Raja Industrial Gateway on a 39-acre land for 'Built-to-Suit' and 'Ready-Built Warehouses' products.

KEY INITIATIVES

Divested some non-core, non-performing assets to avoid further financial losses and improve overall financial standing

RESULTS & ACHIEVEMENTS

- Completed the disposal of a 3-storey shop office in Bukit Jelutong, Shah Alam in April 2021.
- Proposed the redevelopment of the Sime Darby Pavilion as part of the new residential development in Bukit Jelutong by 2022.
- Disposal of other low-yielding, non-strategic assets is actively ongoing as planned for 2022 and 2023.

OPERATIONS REVIEW

KEY INITIATIVES

Reviewed and retained assets that complement existing/future developments, provide reasonable yield, and with potential to uplift the value of related development components

RESULTS & ACHIEVEMENTS

Commercial

- Maintained 100.0 percent occupancy rate for key commercial assets (Wisma MRT, ReGen Rehab Hospital & Block G in Oasis Square) and managed to keep rental rates within the average market rate despite the impact of COVID-19 on the office sector. NPI yield for these assets remained above 5.0 percent.

Retail

- KL East Mall's occupancy rate stood at 79.0 percent, with a total footfall of 7.1 million in 2021. Melawati Mall achieved an occupancy rate of 79.8 percent, but footfall was modest at 4.0 million due to the impact of COVID-19 restrictions especially when dining-in was prohibited. However, shopper traffic has improved since the fourth quarter of 2021, as Klang Valley entered Phase Four of the National Recovery Phase ("NRP") in October 2021.
- Although the retail sector was negatively impacted by the pandemic, both malls managed to secure new tenants in 2021. Among the notable new openings were Habib Jewels, Tomei, Levi's, Li-Ning and Rakuzen at KL East Mall; and Uniqlo, Telekung Rawdah, Chizu and Cuckoo at Melawati Mall.

Industrial & Logistics Development

- The JV between Sime Darby Property and LOGOS Property will focus on 'build-to-suit to lease or sell' assets, primarily for clients in the logistics sector. To this end, Sime Darby Property has allocated a 177-acre site within its Bandar Bukit Raja township in Klang, Selangor to spearhead this initiative.
- Completed a 2-storey warehouse at Bandar Bukit Raja 1 Plot 10 with 100.0 percent occupancy and interest from potential tenants to occupy other plots within the Bandar Bukit Raja Industrial Gateway.

E-Metro Logistics Park, Bandar Bukit Raja

KEY INITIATIVES

Integrated technology and innovation with ESG elements into existing and future assets to create sustainability-themed and technology-centric investment platforms

RESULTS & ACHIEVEMENTS

- Adoption of sustainability elements as standard design and operational components in all assets under the Group's management.
- KL East Mall activated a 'Sustainability Awareness and Education' campaign on 1 July 2021 to inculcate sustainability in the community. The mall's full-on effort to promote sustainability was recognised by SWCorp Malaysia in November 2021 for its Solid Waste Management Best Practice.

OPERATIONS REVIEW

KEY CHALLENGES FOR 2022

1 Asset Disparity

The Group has a portfolio of inherited/acquired assets of disparate classes, with three key strategic commercial assets boasting 100.0 percent occupancy rates and more than 5.0 percent in NPI yield, while the remainder is non-core/low-yielding assets.

2 Lingering Impact of COVID-19

The recovery of the retail business may be slower than anticipated due to deferred decisions by prospective partners and tenants in view of the macro economic challenges.

3 New Ventures

The Group needs to allocate resources to focus on operationalisation and capability building for its fund management platform.

Aerial view of the Elmina Business Park, City of Elmina

OPPORTUNITIES

- To intensify efforts to monetise and dispose of non-core/low-yielding assets to free up capacity to enhance the value of strategic assets.
- To increase prospecting post-pandemic activities in order to take advantage of the anticipated recovery in the retail sector in 2022 in achieving targeted occupancy rates; and set up a centralised retail team to strengthen technical and operational expertise in retail.
- Each land parcel under the ILD segment has its respective uniqueness and ecosystems to meet the broad spectrum of customer demands, offering them options in terms of location, connectivity, facilities and supporting industries, among others.
- To leverage ongoing collaborations with JV partners to ensure progress in the ILD sector and fund management platform to create new recurring income streams. The aim is to secure new deals for ILD through 50.0 percent-owned Sime Darby Property MIT Development Sdn. Bhd. and operationalise the fund management platform under the JV partnership between Sime Darby Property and LOGOS Property in Bandar Bukit Raja, underpinned by synergies with existing townships to achieve targeted outcomes. The JV enables Sime Darby Property to leverage on LOGOS Property's experience in developing property solutions for the logistics sector in creating a fund platform that taps on the global investors' appetite for logistics assets which are seen as defensive with potential for growth.

OUTLOOK & PROSPECTS

We are optimistic about the prospects of growth across this segment in 2022.

With 5.4 million sq. ft. of NLA across Malaysia, Singapore and the United Kingdom, and equipped with the knowledge and understanding of real estate regulations in these countries, the segment is well-positioned to enhance our rental income. This will be backed by our growing expertise across the industrial and logistics, residential, commercial, retail, education and hospitality sub-sectors.

We also see opportunities to expand as curators of townships and communities, given our experience in curating catalytic components in Sime Darby Property's flagship developments such as the Elmina Business Park, KL East, KLGCC Resort, Bandar Bukit Raja and Serenia City. The door is also open for the Group to undertake specialised placemaking in the United Kingdom via the Battersea Power Station project located in Central London.

Leveraging our proven capabilities in the design and development of industrial and logistics properties, especially built-to-suit units and in the management of various properties and facilities, the Group has the competitive advantage in securing new projects involving industrial and logistics development, as well as retail and commercial assets.

For 2022, we see investment opportunities as we gain access to strategic land parcels in the prime areas of the Greater Klang Valley and along the West Coast economic corridor, as well as access to other lands via call option agreements with Sime Darby Berhad and Sime Darby Plantation Berhad.

Under ILD, we are set to develop strategic land plots totalling about 447 acres in Bandar Bukit Raja, Elmina Business Park and MVV 2.0 in phases between 2022 and 2024. This segment is also expected to offer a wider product range from ready-built warehouses to built-to-suit facilities that will allow Sime Darby Property to capture growing customer demand, and at the same time, boost risk diversification.

The E-Metro Logistics Park, Bandar Bukit Raja

As for the Asset Management business, the Group will focus on measures to enhance the value of strategic assets through rental and occupancy optimisation, maintain or increase NPI yield, as well as improve property income. We will also work on strengthening our technical and operational expertise to manage, operate and monitor facilities for all Sime Darby Property's assets.

To avoid further losses and minimise disparity in portfolio, the Group plans to divest non-core/low-yielding assets.

For the retail business, our priority going forward is to position retail as a placemaking component in Sime Darby Property's major townships to uplift the GDV of our developments and accelerate land monetisation.

We will also position KL East Mall as the Group's showpiece and centre of excellence for retail. The Group will leverage on the experience gained at KL East Mall for future mall developments.

Apart from that, the Group will increase efforts to enhance tenant mix to assimilate the segment with the retail landscape and increase occupancy of spaces at both KL East Mall and Melawati Mall.

Overall, the Investment & Asset Management segment will continue to spearhead Sime Darby Property's transformation beyond an archetype developer into a distinguished real estate development company.

OPERATIONS REVIEW

LEISURE

Our Leisure segment, owns and manages four (4) properties in Malaysia. These assets include the prestigious Kuala Lumpur Golf & Country Club; the five-storey multi-purpose convention and business centre, Sime Darby Convention Centre; the Impian Golf & Country Club in Kajang; and the Bayuemas Sports and Events Complex in Klang.

Aerial view of the West Course, KLGCC

OVERVIEW

Our Leisure segment's four (4) key assets:

KUALA LUMPUR GOLF & COUNTRY CLUB A premier lifestyle oasis residing within a golf and country club spanning **279 acres** in KLGCC Resort.	**IMPIAN GOLF & COUNTRY CLUB** A **142-acre golf and country club** that delights golfers with its diverse range and charming expanse, nestled in the outskirts of the city.
SIME DARBY CONVENTION CENTRE A 17,000 sq. ft. event venue in a strategic location within the KLGCC Resort that is accessible via **5 major highways**, featuring a ballroom with a **capacity of 2,600** and **20 function rooms**.	**BAYUEMAS SPORTS AND EVENTS COMPLEX** A **sports complex** featuring a cricket stadium which has played host to local and international sporting events.

IMPACT OF LOCKDOWN

In FY2021, KLGCC, SDCC, IGCC and Bayuemas Sports and Events Complex were subject to 137 days of closure due to the MCO to curb the resurgence of COVID-19 cases in Malaysia.

However, the segment recorded a reduced LBT of RM14.0 million in FY2021, compared to RM28.1 million in FY2020.

During the year in review, the segment saw reduced occupancy, as limited weddings or banqueting events were allowed amid the restrictions under the MCO until the fourth quarter of the year. Potential tenants and event organisers took a "wait-and-see" approach as business sentiment was severely dented because of the pandemic.

Due to the above, cost management exercises were put in place to optimise the recurring costs for golf course maintenance activities, staff salaries and COVID-19 precautionary measures at these venues.

OPERATIONS REVIEW

KEY BUSINESS HIGHLIGHTS

KUALA LUMPUR GOLF & COUNTRY CLUB

●

Return of the iconic KLGCC brand in conjunction with the institution's 30th anniversary, creating a synergy between the Club and the KLGCC Resort.

●●

Consolidated operations with SDCC to leverage on the facility's logistics mainly for events and catering services.

●●●

Digitalised club systems with a mobile application that allows Members to book golf sessions and order F&B online. Increased the efficiency of the back-end office system with digitalised workflows.

●●●●

KLGCC's West Course ranked #21 by Golf Travel Magazine in its **Top 100 Golf Courses in Asia 2021**

Clean Energy Ministerial **2021 Energy Management Award of Excellence**

SIME DARBY CONVENTION CENTRE

●

Hosted Ramadan Buffet for 24 days during the MCO, with **over 5,000 patrons**

●●

Rented out space as a COVID-19 vaccination venue

IMPIAN GOLF & COUNTRY CLUB

●

Ventured into becoming a **landscape maintenance contractor**

BAYUEMAS SPORTS AND EVENTS COMPLEX

●

Focused on **cost-containment initiatives** to boost bottom-line performance

FINANCIAL PERFORMANCE

Revenue decreased by 22.5 percent to RM55.5 million from RM71.7 million in the previous year due to the reimplementation of movement restrictions.

Despite the lower revenue, the segment recorded a lower loss of RM14.0 million, as compared to a loss of RM28.1 million in FY2020 mainly due to cost-saving initiatives.

KUALA LUMPUR GOLF & COUNTRY CLUB

KEY INITIATIVES

- Reintroduced the Kuala Lumpur Golf & Country Club brand, which features a new look and feel that represents a modern and refreshing experience for Club Members.
- Increased efforts to introduce more lifestyle and wellness tenants at the Club.
- Refurbished the driving range and introduced a new golf ball management system.
- Enhanced the existing facilities, including the refurbishment of the Golfers Terrace, tennis court and swimming pool.
- Maximised golf tee times by offering special prices for afternoon sessions, organised corporate golf events, and invited golf event organisers such as MST and Golf Malaysia, among others.
- Held events and forums to educate members on new products and services in line with KLGCC's rebranding exercise.

RESULTS & ACHIEVEMENTS

- Sustained revenue amid the slowdown in overall business income due to restrictions under the MCO.
- Increased profit margin due to optimisation of manpower.
- A spike in customer satisfaction as represented by the higher number of golf rounds due to better conditions of the courses.
- Striving towards becoming a family-oriented club through fun, engaging activities and programmes.

OPERATIONS REVIEW

SIME DARBY CONVENTION CENTRE

KEY INITIATIVES

- Focused on managing cost and spending on non-discretionary items.
- Consolidated operations with KLGCC, and outsourced business processes, wherever possible.
- Organised virtual consultations as part of a brand awareness campaign.
- Implemented targeted marketing activities to selected segments such as weddings and customers with recurring needs.
- Successfully hosted Ramadan 2021 activities in compliance with the Government mandated SOPs.
- Increased demands for banquet functions in Q4, and conducted in accordance with the relevant health and safety guidelines.

RESULTS & ACHIEVEMENTS

- Converted a majority of fixed costs to variable costs through consolidation and outsourcing efforts.
- Captured pent-up demand after Klang Valley entered Phase 4 of the NRP.
- Increased the utilisation rate of facilities by patrons.

IMPIAN GOLF & COUNTRY CLUB

KEY INITIATIVES

- Focused on landscaping business and club refurbishment on top of business as usual.
- Rescheduled tee times to maximise daily flight availabilities, with strict implementation of the booking system.
- Reviewed pricing to increase revenue and be competitive with neighbouring clubs.
- Reduced the use of outsourced caddy services to increase revenue.
- Collaborated with online golf agent MyGolf2U to create awareness and increase sales target.
- Launched programmes to increase F&B patronage.
- Introduced various offers and promotions to drive membership sales.

RESULTS & ACHIEVEMENTS

- Encourage non-active members to transfer their memberships to newer members, enhancing the usage of the club's facilities while reducing cost in daily operations.

KEY CHALLENGES FOR 2022

1 Lower Revenue

The market uncertainty from the recovery of COVID-19 could possibly affect the demand for social gatherings, banquet and golf events. Current norm of conducting virtual events may also reduce the need for physical venues for meetings and trainings.

2 High Maintenance Cost

Shortage of labourers and increasing cost of manpower. Managing higher raw material cost while maintaining high quality of service delivery will result in high maintenance cost.

OPPORTUNITIES

- Servicing and fulfilling the order book for banquets, especially weddings.
- New membership launch to attract possible Members from a younger age group.
- Digital marketing to better target customers' needs.
- Increased cost efficiency from digitalisation and automation of internal processes.

Impian Golf & Country Club

OPERATIONS REVIEW

OUTLOOK & PROSPECTS

In tandem with the reopening of economic activities, the Leisure segment is expected to see a recovery in business, and hence, an improvement in financial performance.

For FY2022, the segment will work towards increasing our membership population through the offer of new packages.

The completion of Senada Residences is expected to result in increased population and footfall within the KLGCC Resort development, which could also have a positive spill-over effect on KLGCC and SDCC.

A view of KLGCC from Hole 2, East Course

To achieve consistent growth in revenue for the next three years, Leisure's business strategies will be streamlined into seven (7) key areas from FY2022 to FY2024. These are:

OPERATIONAL EXCELLENCE

- Golf course maintenance optimisation to obtain the best golf course standard and cost via mechanisation.
- Business process improvements and SOPs revisions to drive operational efficiency.
- Drive more revenue through tee time and occupancy utilisation.
- Produce better quality and services in F&B and other facilities.

ORGANISATIONAL EXCELLENCE

- Continuous manpower-related cost optimisation to support cost-saving initiatives while elevating employees' productivity.
- Provide and maintain 5-star hospitality quality by working closely with Group Human Resources in driving continuous learning and development plans for customer-facing employees.

SAFETY & SUSTAINABILITY

- Achieve ISO standards for occupational health & safety programmes and inspections.
- Managing the COVID-19 pandemic through continuous controls and procedures in place.

CUSTOMER FIRST

- Create family-oriented clubs with activities and entertainment.
- Deliver the best golf and country club experience in Malaysia.

OPERATIONS REVIEW

TECHNOLOGY & INNOVATION

- Digitalisation of processes at KLGCC with the introduction of a mobile application.
- Increased efficiency of back-end office system with digitalised workflow.
- Infrastructure upgrade, which includes network upgrade for KLGCC and SDCC.
- Improve the network system at IGCC.
- Technology upgrades, encompassing computer replacement and system updates.
- Cloud migration on premise server to Microsoft Azure.

BRANDING & COMMUNICATION

- Focused marketing and branding efforts on offering family-oriented experiences from dining to family-friendly activities, events and functions, as well as golf.
- Aspire to brand ourselves as the top golfing destination in Southeast Asia.
- Digital marketing efforts to promote KLGCC and SDCC's services.
- Enhanced communications with Members via new website and mobile app.

GENERATING NEW REVENUE STREAMS

- Review of tenantable spaces to branded services.
- Increase membership population and lower membership age to ensure business sustainability.
- Offer a wider range of cuisines for our F&B services.
- Enhance our lifestyle and wellness services.

SUSTAINABILITY REPORT

PROGRESS AGAINST TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") RECOMMENDATIONS

The Board recognises the scale of the climate emergency, the potential impact on real estate and therefore the urgent need to take mitigating actions. With the built environment accounting for a large proportion of all greenhouse gas emissions, we also recognise our responsibility to do what we can to minimise our carbon footprint and encourage our stakeholders to do the same.

GOVERNANCE

Board Oversight of Climate-Related Risks and Opportunities

The Board has overall responsibility for Sustainability matters, in which climate-related aspects are included. The Board considers climate-related matters as part of the Group's strategy development, review and monitoring, in the design of organisation operational and performance targets. The Board monitors the respective performance and targets via the Group's quarterly performance updates.

The Board has in late 2021 delegated the management of sustainability risks to the Risk Management Committee, where period updates on the progress of the Sustainability blueprints and plans are tabled for review and feedback.

Management's Role in Assessing and Managing Climate-related Risks and Opportunities

The Group Managing Director ("GMD") drives the implementation of the Sustainability Strategy at the executive level. GMD ensures sustainability practices are embedded in our business processes down to operations where products and services are delivered.

GMD is assisted by respective management level committees and task forces such as the Health, Safety, Security and Environment ("HSSE") Committee and the Human Rights Task Force in monitoring and reporting on the status of the sustainability plan.

In FY2021, the Group developed both the integrated sustainability and quality, health, safety, security and environment policies to align all staff with our corporate direction on sustainability matters. Supporting the tone from the top is our bespoke internally developed and administered annual Sustainability Index ("SUSDEX") Assessment. SUSDEX, is a systematic engagement platform with Township teams, which drives consistency in implementing sustainability standards across the Group.

The Index applies empirical, objective and evidence-based assessments premised on 90 indicators to optimise the use of resources. The focus is to ensure a sensible balance among townships in delivering the four (4) strategic Sustainability Imperatives of *Decarbonise Our Operations and Products, Implement Good Biodiversity Practices, Shape Inclusive & Resilient Communities and Maintain Socially Responsible Operations*. Additionally, the index aids in tracking the delivery of our 2030 SGs.

Our achievements in developing and managing more sustainable spaces have been recognised for more than a decade. Building on this, we have set more robust carbon emissions reduction targets in our bid to be operationally carbon negative. In addition, we aim to achieve zero waste by recycling, reducing, reusing and repurposing our waste materials, and lowering our water intensity by 30.0 percent.

STRATEGY

Sime Darby Property's sustainability strategy is anchored on the four strategic Sustainability Imperatives – and is measured through the lens of ESG performance. Our focus on sustainability is aligned with our corporate strategy which includes identifying key priorities that will impact our organisation and/or stakeholders.

Simultaneously, ESG opportunities are identified to be pursued as part of the strategy to realise new frontiers in sustainable development. We have also been implementing and embedding sustainability initiatives, goals and targets to improve our business operations and better contribute to the UN SDGs.

We strengthened our sustainability strategy by embedding SDP's 2030 Sustainability Goals within it and developing a sustainability objective as a 'Force for Good', with the goal of creating a legacy of positive economic, social and low-carbon environmental impacts.

Focusing on 4 strategic Sustainability Imperatives, covering ESG core themes, we have identified an aspiration to be operationally carbon negative by pursuing the SBTi to validate this with an embodied carbon emissions reduction target to be determined in due course.

We have also established six priorities, which are high-impact projects that are aligned with our sustainability strategy, to accelerate the implementation of the targets of our 2030 Sustainability Goals.

Apart from that, we continuously advocate our position in sustainability to our stakeholders including the Government, NGOs, our partners, the communities, as well as the media.

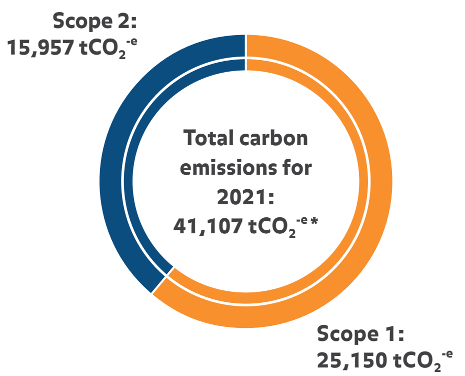
RISK MANAGEMENT

The Group commenced the process of aligning its Risk Management Framework with ESG related requirements, which include climate-related risks. As part of the alignment plan, the Group intends to comprehensively identify, assess, and measure climate-related risks, which include but not limited to transitional risk and physical risk. The Group recognises that the assessment and measurement of climate related risk will take some time and will be a journey for the Group as its impact, financial or otherwise, are not always clear or direct or easily assessed and quantifiable.

SUSTAINABILITY REPORT

METRICS AND TARGETS

Our largest operational carbon emissions come from the Property Development Segment accounting for 69.06 percent. From this, 71.34 percent comes from earthworks. Trials are underway to improve this 100 year old practice.



* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

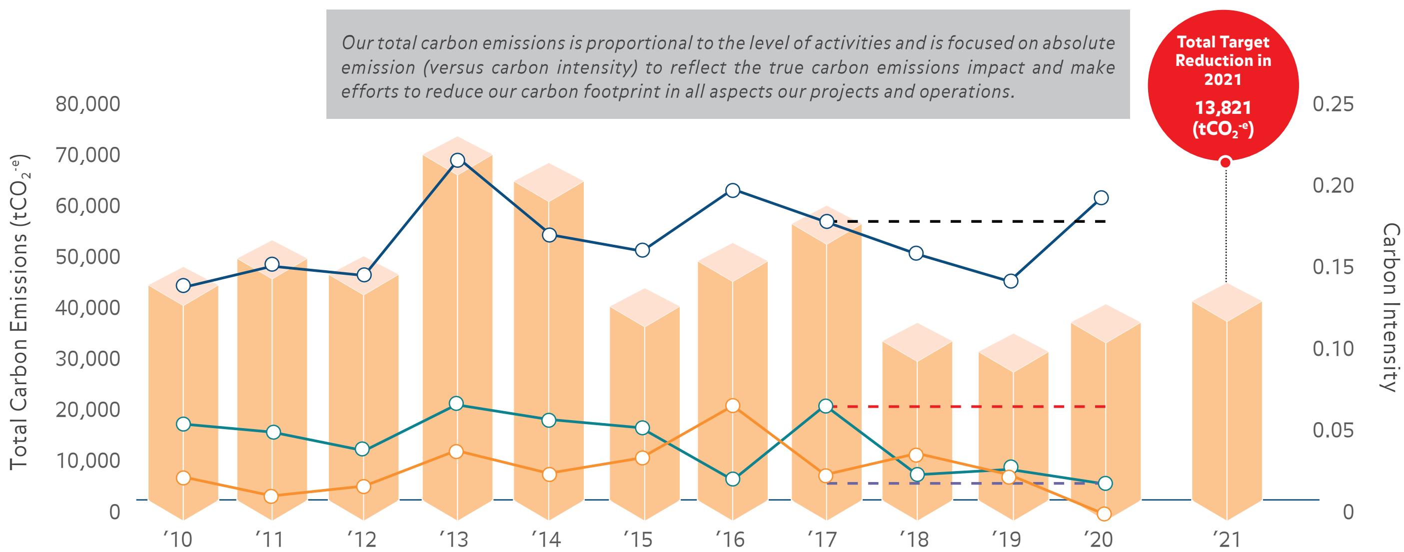
Note:
1. We are in early stages of tracking scope 3 of SBTi.

Breakdown of Carbon Emissions by Segment of Business for FY2021

Scope 1: 25,150 tCO_2^{-e}
Source of emissions: diesel, petrol, liquefied petroleum gas ("LPG"), acetylene and refrigerant gas type (R22)

Scope 2: 15,957 tCO_2^{-e}
Source of emissions: purchased electricity

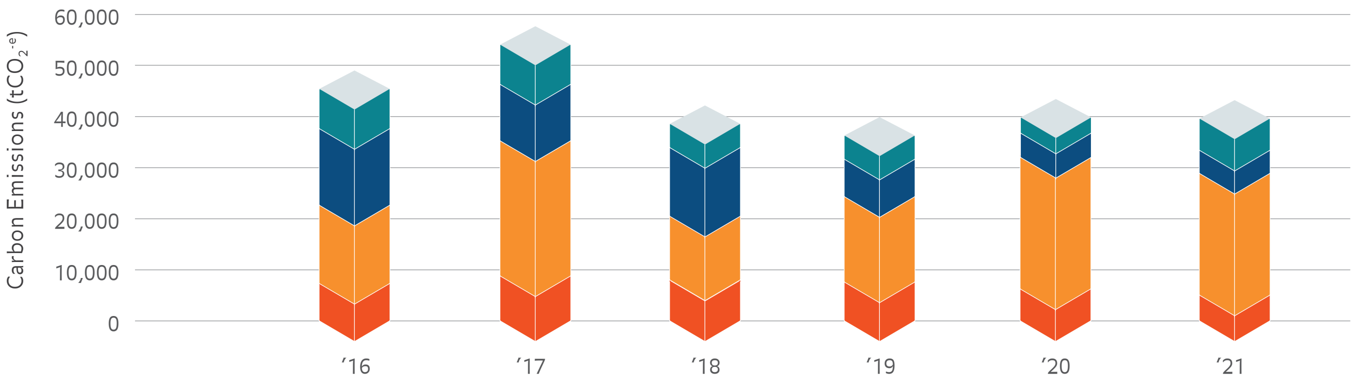
Total Carbon Emissions and Intensity by Segment of Business (FY2010 – FY2021)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Carbon Emissions (tCO_2^{-e})	45,667	51,860	47,134	76,023	69,105	37,324	49,700	55,825	37,666	35,801	38,452	41,107*
Result – Property Development Carbon Intensity (tCO_2^{-e}/m^2)	0.0150	0.0070	0.0120	0.0330	0.0170	0.0300	0.0720	0.0165	0.0300	0.0200	0.0034	-
Reduction Target – Property Development Carbon Intensity (tCO_2^{-e}/m^2)							0.0720	0.0716	0.0702	0.0702	0.0698	-
Result – Asset Management Carbon Intensity (tCO_2^{-e}/m^2)	0.0500	0.0470	0.0380	0.0530	0.0490	0.0460	0.0150	0.0500	0.0200	0.0200	0.0143	-
Reduction Target – Asset Management Carbon Intensity (tCO_2^{-e}/m^2)							0.0150	0.0149	0.0146	0.0146	0.0146	-
Result – Leisure Carbon Intensity (tCO_2^{-e}/m^2)	0.1330	0.1420	0.1370	0.2090	0.1760	0.1600	0.1980	0.1710	0.1500	0.1300	0.0899	-
Reduction Target – Leisure Carbon Intensity (tCO_2^{-e}/m^2)							0.1980	0.1970	0.1931	0.1931	0.1921	-

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*
1. FY2021 results as follows:
a. Total carbon emissions : 41,107 tCO_2^{-e*}
b. Target Reduction: 27.84 percent (13, 821 tCO_2^{-e})
c. Actual Reduction: 28.88 percent (14,337 tCO_2^{-e})
2. Starting from FY2021, we will shift our focus from carbon intensity approach to total carbon emissions (absolute).

Total Carbon Emissions (tCO_2-e) Breakdown by Business Segment for FY2016 – FY2021



	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Investment & Asset Management	8,245.08	6,851.78	1,744.15	1,361.97	1,108.47	**7,805.50^**
Leisure	11,990.31	12,417.30	14,626.85	9,014.76	6,397.31	**4,911.49**
Property Development – Infra Works (including earthworks)	21,696.31	23,901.96	9,834.77	15,486.45	22,614.85	**20,253.26**
Property Development – Building Works	7,768.76	12,654.52	11,460.70	9,938.18	8,330.99	**8,137.18**

Source of GHG emissions calculations: GHG Protocol Calculation Tools – Emission factors from cross sector tools (March 2017) and the Intergovernmental Panel on Climate Change ("IPCC") guidelines.

Note:

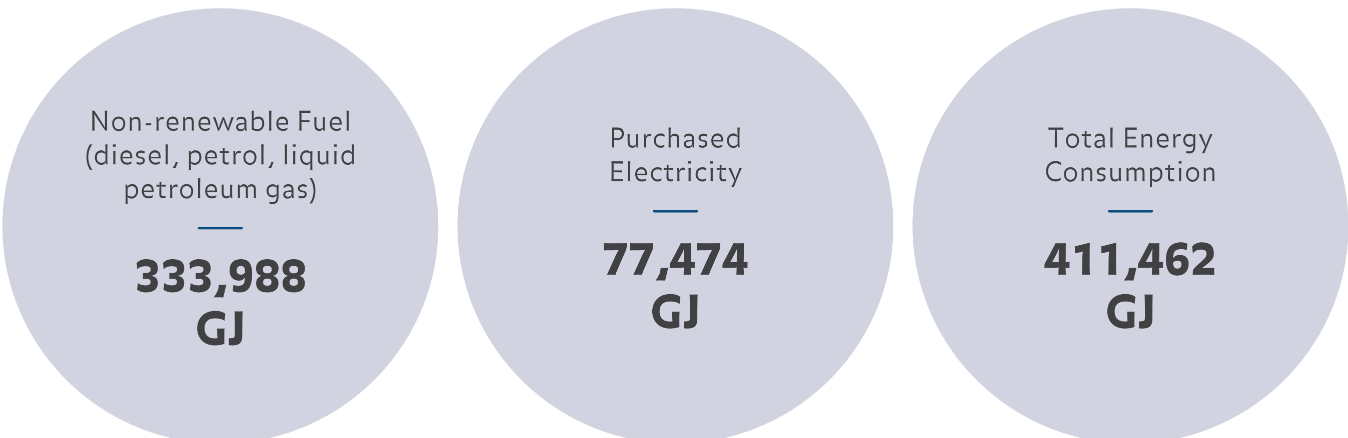
^ *The increase here is due to the opening of KL East Mall and subsequent inclusion in Carbon Footprint in 2021.*

Purchased Electricity

2019	2020	2021
68,554.44 GJ	50,074.90 GJ	77,474.00 GJ

Note:
Electricity consumption at Group-operated sites increased due to the opening of the KL East Mall in November 2020. Excluding the mall, our purchased electricity stands at 68,214 GJ, which is almost equivalent to our consumption in 2019. Hence, the Group is looking at increasing the use of renewable energy and initiated a tender process to install solar PVs at four (4) of the Group's assets.

Energy Consumption



SUSTAINABILITY REPORT

TOWARDS 2030

The ESG Sustainability agenda gained further traction, even as the pandemic and associated market disruptions continued to require quick response and adaptation of our business execution to maintain growth. The ESG focus was also spurred on by the United Nations Framework Convention on Climate Change ("UNFCCC") COP 26 in Glasgow where climate change and a growing call for businesses to play a much stronger role especially in decarbonising operations, products and services began to take hold.

Overall, we continued to strengthen our ESG journey by introducing additional components of a business ESG Ecosystem and Sustainability Management System. However, it was not all positive, as we failed to protect a worker which resulted in one (1) work-related fatality in FY2021.

Since the incident, we mobilised our people, from the top management to those working closely with our contractors, to raise awareness of safety standards, practices and culture at worksites. As a result, we are putting more focus on safety compliance and ramping up safety activities to ensure all employees, contractors, and site workers comply with safety standards and culture enforced in our organisation.

OUR SUSTAINABILITY MILESTONES

Sime Darby Property's sustainability philosophy remains focused on three mutually reinforcing spheres, i.e., Contributing to a Better Society, Optimising Environmental Performance and Delivering Sustainable Development. These are expressed in our 18 company-specific 2030 Sustainability Goals ("2030 SGs") introduced in March 2020.

The 2030 SGs are also aligned with the intent of United Nations' Sustainable Development Goals ("UN SDGs"). Our SDP Sustainability Strategy was also developed in 2021, with Board approval, and Sustainability Governance was also augmented in 2021.

During the year under review, our commitment to improving our performance in ESG has kept us focused on leading in building sustainable communities, while contributing to our ongoing inclusion as a constituent in various local and international sustainability indexes or rating systems.

These include the FTSE4Good Bursa Index, FTSE4Good ASEAN 5 and FTSE4Good Emerging Indices (2018-2021), as well as the MSCI Small Cap Index for the fourth consecutive year. We are also effectively the only Malaysian property developer rated by the Carbon Disclosure Project ("CDP") for climate change (C rated) and Supplier Engagement Rating (B minus rated). 2021 was our third year of being rated by the CDP.

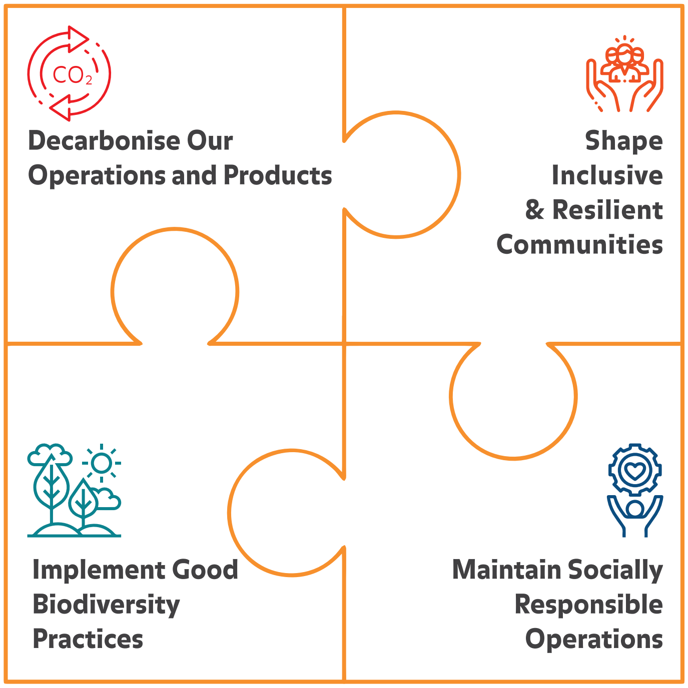
Our commitment to sustainability has also received various awards and recognitions.

In 2021, we won:

1. The 'Responsible Developer: Building Sustainable Development Award' at the Edgeprop Malaysia's Best Managed and Sustainable Property Awards 2021
2. The MSWG-ASEAN Corporate Governance Awards 2020 – Industry Excellence Award
3. MARC Lead Managers Leagues Table Awards 2020 – Sustainability Award (awarded 2021)
4. PwC Building Trust Award 2021 - Mid 70 Category
5. PwC Building Trust Special Merit Award for ESG Reporting 2021
6. The EdgeProp Editor's Choice Awards: Malaysia's Exemplary Sustainable Community Park for Elmina Central Park

OUR SUSTAINABILITY STRATEGY & POLICY

At Sime Darby Property, we have integrated sustainability into our business model. As such, our corporate strategy and risk management approach are synergised to our new Board approved Sustainability Strategy where the strategy hinges on four (4) Strategic Sustainability Imperatives – *Decarbonise our Operations and Products, Implement Good Biodiversity Practices, Shape Inclusive & Resilient Communities, and Maintain Socially Responsible Operations.*



Our focus is on operationalising sustainability to improve our organisational effectiveness and contribute meaningfully to the UN SDGs and the Paris Accord. To further strengthen our sustainability efforts, the 2030 SGs are embedded into our business' operational activities through the introduction of the Safety & Sustainability Playbook, where related sustainability targets are incorporated into Corporate and Operational Scorecard KPIs. This is in line with our role as a 'Force for Good', with a vision to create a legacy of positive economic, social and low-carbon environmental impacts.

The Group's Sustainability Policy outlines objectives to address ESG concerns in a holistic and integrated manner. Among the thematic subjects covered in the policy are *zero primary rainforest deforestation, carbon management, social economic development and human rights*. The target outcome is to provide a north star for everything the Group does to promote a positive legacy across ESG and places expectations on the practices and behaviours of employees, business partners and stakeholders – policy available at https://www.simedarbyproperty.com/sustainability.

SUSTAINABILITY REPORT

MATERIALITY ISSUES

Our eleven (11) sustainability material issues were revised in 2020 and subjected to a verification workshop in Q2 FY2021. The material issues (materiality) are a result of what ESG risks and opportunities matter to the business and our stakeholders. The materiality process was aligned to Global Reporting Initiative ("GRI") Core whereby the matters were also benchmarked against industry peers, and took into account the UN SDGs and aligned to GRI metrics.

Our 2030 SGs and our Sustainability Strategy dictate how we focus on delivering sustainability in ways most relevant for our business, and where we can best contribute to global goals. To align our business and operations to the 2030 SGs, we have developed and mapped our responses to the goals, our stakeholders and 11 sustainability material issues identified. Our integrated approach makes the 2030 SGs relevant in the context of stakeholders' expectations, as well as our current and future business strategies.

We then identify ways to address stakeholder concerns and manage our material issues.

	No.	Sustainability Issue	Definition	Stakeholders	Stakeholder's Concern	Our Response
ENVIRONMENTAL	1.	CLIMATE CHANGE	We adapt to and mitigate climate change risk by integrating climate risks into our business model and embedding low-carbon elements in our township communities and residential home products.	• Investors • Shareholders • Customers • Communities • Employees • Authorities/ Government • NGOs	• Carbon emissions • Water supply and flooding	• Carbon emissions reduction • Flood reduction design in townships • Landscaping to reduce heat island effect • Renewable energy in products • Water-saving fittings • Energy efficient homes
ENVIRONMENTAL	2.	BIODIVERSITY LOSS	We recognise the potential impacts of property development and construction on local biodiversity, and we continuously work with independent third parties to protect and preserve our flora and fauna.	• NGOs • Academia • Communities • Investors • Authorities/ Government • Media • Shareholders	• Impact of our operations on the biodiversity of the area under development	• Tropical Rainforest Conservation & Research Centre ("TRCRC") collaboration for Elmina Rainforest Knowledge Centre ("ERKC") and Elmina Living Collection Nursery ("ELCN") • 22,809 International Union for Conservation of Nature ("IUCN") Red List trees planted • 115,814 total trees planted • IUCN Landscape Guideline by SDP • Two Biodiversity Inventories • Avoid mono-culture planting • Developed Wetlands Construction & Maintenance Guideline
ECONOMIC	3.	SUSTAINABLE PRODUCTS	We seek to build sustainable homes by incorporating sustainable elements and materials and rolling out comprehensive guidelines and checklists.	• Customers • Communities • Vendors • Authorities/ Government • NGOs • Professional Bodies	• Functional and inclusive design • Defects rate • Unsustainable infrastructure • Supply chain inefficiencies and governance issues, environmental impact and project performance	• 513 solar-ready homes at Elmina and further 455 units at other locations • First IBS strata development for B40 community - 536 units, 30 percent faster, less construction waste and 10.0 percent lower cost • Built 2,379 insulated homes since 2017. 1,968 under construction • Apply minimum standard sustainability elements checklists to all products design from 2021
ENVIRONMENTAL	4.	WASTE & WATER POLLUTION	We are committed to minimising our environmental impacts through championing water optimisation and implementing efficient waste management.	• Customers/ Community • Authorities/ Government • Investors • NGOs	• Water consumption • Impact of development on water bodies surrounding our townships • Proper wastewater treatment	• 15.88 percent water intensity reduction • Waste recycling rate 2021 - 4.44 percent • Continued to monitor water quality in compliance with Department of Environment's Environmental Management Plans • Created a Wetlands Construction and Maintenance Guideline • 35.72 percent Waste reduction in 2021
SOCIAL	5.	DIVERSITY & INCLUSION	Diversity & inclusion are part of our corporate DNA. Our diverse group of talents comprises various age groups and nationalities, which enables vast and unique perspectives to contribute to the overall success of the Group.	• Employees • Local Vendors • Customers • Partners	• Equal opportunities • Non-discrimination • Upskilling/Reskilling	• Increased percentage of women in our workforce to 43.0 percent* and percentage of women on the Board to 30.0 percent • Conducted 23,520 hours of training for 1,348 employees • Invested RM1.15 million in upskilling and reskilling programmes • Collaborated with UNICEF Malaysia on the launch of Malaysia's first Inclusive Playground in the City of Elmina • Built over 2,000 multi-generational inclusive homes that also provide disabled access

* This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.

SUSTAINABILITY REPORT

	No.	Sustainability Issue	Definition	Stakeholders	Stakeholder's Concern	Our Response
SOCIAL	6.	HEALTH & SAFETY	We strive to provide a safe and healthy working environment for our people, as well as our contractors and vendors, so that they can continue to deliver excellence.	• Employees • Vendors • Labourers • Authorities/ Government • Communities • Customers • Partners	• Safe working environment	• Completed 76.96 km of cycling and jogging circuits • Introduced the new Vendor Code of Business Conduct ("VCOBC") with a focus on human rights commitment among our vendors
SOCIAL	7.	AFFORDABILITY	We embed inclusivity in our business activities by building affordable homes for deserving communities.	• Communities • Customers • Authorities/ Government • NGOs	• Ease of home ownership • Product pricing	• Constructed 1,659 RSKU Harmoni Putra Heights statutory units of affordable housing for lower income communities (priced at RM200,000 to RM270,000)
SOCIAL	8.	COMMUNITY RESILIENCE	The Group is committed to creating a fulfilling space for local communities and reaching out to those in need in its effort to build sustainable communities.	• Customers • Partners • Communities • Authorities/ Government • Investors • NGOs	• Community welfare and social responsibility	• Three (3) urban farms (2 urban farms at City of Elmina & 1 urban farm at KL East) • 569 volunteer hours in 2021 by employees • Communities recycled 106 tonnes of waste • Close to 80.0 percent of participants from four (4) townships recorded increased income during the six months EEP
SOCIAL	9.	ECONOMIC INJECTION	The Group contributes to economic development by creating tangible and intangible value for all stakeholders. This includes launching the Sustainable and Responsible Investment ("SRI") Sustainability Sukuk Musharakah Programme, supporting local suppliers and vendors and providing job opportunities to local communities.	• Vendors • Communities • Businesses • Investors • Authorities/ Government • Shareholders	• Value of contracts • Impact of COVID-19 on ability to meet contractual obligations • Sourcing and procurement processes • Vendor support • Job creation	• Awarded 98.6 percent of contracts to local vendors, worth RM1.38 billion • To aid small and medium enterprises with their cashflow during the second year of the pandemic, if they made a request for quick invoice processing within two weeks, that request would be fulfilled
GOVERNANCE	10.	DATA/CYBER SECURITY	Our stakeholders' data privacy is a priority for the Group. We will continuously strengthen our cyber security and increase our information technology security standards.	• Customers • Communities • Authorities/ Government • Vendors • NGOs • Professional Bodies	• Protection of personal data and IT security	• Conducted annual security posture assessment and external cyber security maturity assessment • Continuously raised awareness on cyber security through e-learning modules • Carried out 24/7 security monitoring
GOVERNANCE	11.	CORRUPTION RISK & INTEGRITY	The Group has a zero-tolerance stance towards any form of bribery and corruption in all our business dealings. We strive to mitigate corruption risks through various measures which include but not limited to inculcating good governance and ethical business practices among its employees, business partners and suppliers.	• Shareholders • Employees • Investors • Authorities/ Government • Vendors • Customers • NGOs • Partners	• Criminal prosecution • Reputational damage • Business disruptions • Productivity and performance level • Cost/penalties of non-compliance	• Institutionalised compliance requirements to the Code of Business Conduct ("COBC") • Established annual employees Compliance and Integrity Pledge • VCOBC established for business partners and suppliers • Vendor Integrity Pledge ("VIP") required as part of supplier onboarding requirements • Ongoing management of whistleblowing channel • Recorded zero proven bribery or corruption cases through our whistleblowing channel • Constant reminders about the Group's No-Gift policy

Key Concern Medium Concern Low to Moderate Concern

SUSTAINABILITY REPORT

OUR SUSTAINABILITY MILESTONES

Our 2030 SGs have annual targets which affirm our commitment to the environment, society and economy. As of 31 December 2021, we achieved or exceeded the targets for 13 out of the 18

SUSTAINABILITY : OUR 2030

Goal		
1 SUPPORTING LOCAL BUSINESS (90% Local Companies / Vendors)	Target	90%
	Actual	98.6%
	Variance	+8.6
	%	+9.56%
2 ECONOMIC INJECTION (RM10 Billion)	Target	1 billion
	Actual	1.38 billion
	Variance	+0.38
	%	+38.00%
3 PRODUCT QUALITY (85% QLASSIC Score)	Target	81%
	Actual	82%
	Variance	+1
	%	+1.23%
7 VOLUNTEER HOURS (10,000 hours)	Target	1,300
	Actual	1,269.5
	Variance	-30.5
	%	-2.35%
8 CYCLING & JOGGING TRACKS (300 km)	Target	35
	Actual	76.96
	Variance	+41.96
	%	+119.89%
9 HUMAN RIGHTS (All Vendors / Supply Chain Partners have clear commitment to Human Rights)	Target	VCOBC
	Actual	VCOBC
	Variance	0
	%	100%
13 WATER SAVINGS FITTINGS (30,000 Residential Units)	Target	6,000
	Actual	6,806
	Variance	+806
	%	+13.43%
14 COMMUNITY RECYCLING (6,570,000 kg / 6570 tonnes)	Target+	125
	Actual+	354.19
	Variance	+229.19
	%	+183.35%
15 BIODIVERSITY (IUCN TREES) (50,000 trees)	Target	22,500
	Actual	22,809
	Variance	+309
	%	+1.37%

Key Takeaways

- *13 Goals on or above target, 5 Goals below target (2 of the 5 just below annual targets)*
- *Goal targets affected by MCO should be caught up by next year*
- *Climate Change: Towards Carbon Negative using SBTi framework - Goal 16 and 18*
- *Community Resilience – Goal 1,2,5,6,8,11,12,13,14,15,17*

Note:

\+ *Cumulative 2020-2021. Actual 2021 result 106 tonnes* goals. The FY2021 result was slightly lower than the outcome of FY2020, during which 15 out of 18 targets were met.

SUSTAINABILITY GOALS

4 BUILDING TECHNOLOGY
IBS SCORE
80 Points

Target	58
Actual	59
Variance	1%
%	+1.72%

5 JOB CREATION
100,000 Jobs

Target	5,000
Actual	2,740
Variance	-2,260
%	-45.2%

6 AFFORDABLE HOMES
15,000 Units below RM600,000

Target	1,000
Actual	2,228
Variance	+1,228
%	+122.8%

10 OCCUPATIONAL SAFETY & HEALTH
Zero workplace accident related fatalities

Target	0
Actual	1
Variance	-1
%	-100%

11 URBAN FARMING
Minimum 1 urban farm per township

Target	4
Actual	3
Variance	-1
%	-25.00%

12 RENEWABLE ENERGY
25,000 MWh annually

Target	405.79
Actual	405.79
Variance	0
%	100%

16 CARBON SEQUESTRATION
>30,000 tonnes (from 160,000 trees)

Target	10,775
Actual	10,615.42
Variance	-159.58
%	-1.48%

17 ENERGY EFFICIENT HOMES
12,500 homes

Target	1,750
Actual	4,225
Variance	+2,475
%	+141.43%

18 OPERATIONAL ECO-EFFICIENCY
103.2% total carbon and 100% total waste reduction and 100% recycling; 30% water intensity reduction

Targets	Carbon -27.84% Waste - 10.00% Recycling +10.00% Water -1.00%
Actual	Carbon -28.88% Waste - 35.72% Recycling +4.44% Water -15.88%
Variance	Carbon -1.04% Waste - 25.72% Recycling -5.56% Water -14.88%
%	Carbon +3.74% Waste +257.20% Recycling -55.60% Water +1,488.00%

Audited by Group Corporate Assurance Department ("GCAD")

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY OVERSIGHT

The Group has established a 3-tier oversight and decision-making structure for sustainability policy, strategy, goals and implementation:

- Tier 1: Board of Directors provides high level oversight fulfilling the requirements of the Securities Commission revised Malaysian Code of Corporate Governance ("MCCG").
- Tier 2: Risk Management Committee (delegated by the Board) takes on responsibility to monitor key sustainability risks of the Group, which include monitoring and advising Management on the progress update against the Sustainability Strategy, Climate Change actions and the broader sustainability risks.
- Tier 3: Group Managing Director and Executive Leadership ensure the tone from the top is implemented within business products and services and that sustainability is embedded into our business processes and systems.

Regular engagements between Safety & Sustainability Department and Board of Directors is held to report on performance results, updates on key programmes and overall progress on the Group's 18 2030 SGs. These engagements ensure continuous adherence and accountability at every layer of the Group's activities throughout each year.

2021 CORPORATE SUSTAINABILITY KPI

For the second financial year in a row, a sustainability KPI Index was included within the Corporate Scorecard with 10.0 percent weightage. The KPI Index comprised three (3) sub-KPIs (covering ESG):

Result	KPI	2021 Target
28.88%	OPERATIONAL CARBON REDUCTION (TOTAL)	27.84%
94%	COMPLIANCE TO 'THE GROUP'S WORKERS' QUARTER HYGIENE STANDARD'	75%
70%	SAFETY OBSERVATIONS/ CONCERNED REPORTING FROM 450 TARGETED STAFF	50%

DATA QUALITY

Our sustainability KPIs are either assured by our Group Corporate Assurance Department ("GCAD") or by third party (PwC) for five (5) ESG Metrics.

Eight (8) out of our 18 Goals were assured by GCAD during the year based on their potential impact and significance.

It was concluded that the reporting of goal achievements was well-coordinated between the relevant stakeholders and Group Corporate Sustainability, with KPIs adequately supported by verifiable data from the respective data owners.

As a result of the assurance, GCAD identified a number of process and data verification improvements to be executed during the next financial year.

SUSTAINABILITY ACTIVISM

As a champion of the climate change agenda, Sime Darby Property remained deeply involved in sustainability activism to raise awareness on the risks of global warming.

During the year under review, we were involved in ten (10) engagement sessions held by the CEO Action Network ("CAN") to move the agenda forward in regards to climate action items that were included within a white paper to the Federal Government. Under a collaboration with CAN and Climate Governance Malaysia ("CGM"), four (4) engagement topics were produced specifically for the property sector for roundtable discussions and subsequent white paper documents in which Sime Darby Property played the role of the secretariat.

These topics were:

- 'Reducing Embodied Carbon in the Built Environment'
- 'Reducing Operational Carbon in the Built Environment'
- Improving Resilience & Minimising Ecological Damage
- Fireside Chat with Ministry of Housing and Local Government

To further reinforce the Group's commitment to climate change action, Sime Darby Property signed the British Malaysian Chamber of Commerce's ("BMCC") Climate Action Pledge, which was launched on 28 October 2021. This represented a significant step in our role as a 'Force for Good', and put us in a network of 22 other businesses of various sizes and sectors that are similarly committed to raising awareness and tackling climate change.

As a signatory, the Group has pledged to accelerate its efforts to fulfil its commitments and goals towards decarbonisation. We are expected to make the first report of our progress within the chosen goals to the BMCC by November 2022.

Internally, the Group had organised its first virtual Sustainability Day, themed '2030 Starts Now!'. 684 employees participated in the virtual event held to create a sense of urgency in tackling climate change and raise awareness of the Group's commitment in supporting the UN SDGs. The event served as a platform for our staff members to share ideas on reducing carbon emissions.

It also highlighted the formation of our 48-member 'Team 2030', led by Group Managing Director, Dato' Azmir Merican, to drive our sustainability movement. In addition, we awarded several of our own township and development teams for their sustainability performance.

Besides Sustainability Day, the Group also held its inaugural 'Safety Day' in FY2021. Themed 'Comply!', the event was held in ten (10) locations involving 838 employees with an aim to instil a safety culture among employees and raise awareness of the importance of having on-site safety standards, supervision, self-regulation and basic safety compliance and reporting. The event reflected our aspiration to be a leader in HSSE within the real estate industry.

SUSTAINABILITY REPORT

Safety Day 2021

Our initiatives aside, we are aware that our sustainability journey will not be complete without the involvement of our supply chain partners. For that reason, we have actively engaged with our vendors and suppliers to encourage them to align their business aspirations with our sustainability objectives as supported by our CDP B-rating for supplier engagement.

Since the relaunch of our structured vendor sustainability engagement programme towards the end of 2020, we conducted eight (8) vendor engagement sessions virtually via Microsoft Teams by the start of 2021. These sessions saw the participation of 124 consultants, 152 contractors and 165 suppliers from our supply chain.

The objectives of these sessions were to share Sime Darby Property's approach to sustainability, specifically on human rights and our eco-efficiency programmes involving carbon, waste, recycling, water management and labour practices for foreign workers; create awareness about UN SDGs and the ten (10) principles of the UN Global Compact; as well as the threats of global warming and climate change on businesses and the society at large.

Sustainability Day 2021

SUPPLY CHAIN VENDOR ENGAGEMENT

In January 2021, the Group's VCOBC and VIP were launched to enhance best practices among our vendors and business partners.

Highlighting the expected standard of behaviour, the VCOBC and VIP cover compliance requirements; governance and management systems; ethical practices; protection of assets and information; environmental protection; and employment practices. This is in tandem with our hope to inspire our vendors and business partners to join us in our sustainability movement.

From an online vendor-engagement survey conducted between 19 November 2021 and 3 December 2021, we had 34.7 percent response rate from vendors with contracts during 2021. We discovered 90 to 95 percent of respondents do not have a structured eco-efficiency programme to manage carbon, water and waste. Other key findings included 21.0 percent of respondents claiming to either have ESG tools and processes in place or in progress, whilst 50 percent do not; and at least 50 percent of our vendors are considering implementing sustainable practices in all four aspects of eco-efficiency, i.e., carbon, waste, recycling and water, within five (5) years.

The survey findings implied opportunities for Sime Darby Property to conduct further engagement/coaching sessions with vendors to promote the sustainability agenda. We will continue to engage and work with our vendors as they will be key to seeing the reduction of Scope 3 carbon emissions reduction and improvement in how fair labour practices are further improved along our value chain.

SUSTAINABILITY MONITORING TOOLS

Sime Darby Property carries out annual sustainability assessments to measure its sustainability delivery to ensure it remains on the right track.

The assessment framework is based on Global Reporting Initiative ("GRI"), Green Building Index ("GBI"), Leadership in Energy and Environmental Design ("LEED"), Crime Prevention Through Environmental Design ("CPTED") , BCA Greenmark and the Group's 2030 SGs, covering up to 90 indicators.

The internally developed Sustainability Index ("SUSDEX") was originally applied only to the Group's Property Development segment's business units in past years since its implementation in 2009. However, in 2021, the Group expanded the application of the refined SUSDEX tools to include all business segments, namely, (i) Property Development (19 townships); (ii) Investment & Asset Management (5 assets); and (iii) Leisure (3 operating units).

The main reasons for applying SUSDEX across the business segments were to measure sustainability levels across the PPP, encourage engagement with operational teams, and position the Property Development segment for green certification.

The Group also adopts other monitoring tools and guidelines to ensure minimum sustainability elements or standards are embedded into its products according to their categories.

In the area of landscaping, for instance, the Group is required to meet the minimum 1:1 tree replacement ratio, i.e., to replant one (1) tree for every tree removed from its sites. In addition, the Group is also expected to ensure a balanced mixed of multi-species planted in landscaping, and conduct biodiversity assessment and inventories to mitigate ecological impact and to improve biodiversity a 10.0 percent IUCN Red List tree planting target. The Group's Carbon, Waste/Recycling and Water Footprint projects continue to collect data and monitor targets.

FY2021 marked the beginning of standardisation of sustainability elements in landed and high-rise products and within infra and landscape with the introduction of 'Minimum Sustainability Elements Guidelines' and 'Checklists monitoring tools'. As an example, a two-story terrace landed property has a range of 30 odd elements to be incorporated into it. The compliance level is monitored during the design process, whereby products based on price range will have standardised sustainability elements included, such as insulation, energy efficient design, security systems, green label items such as water efficient fittings and Forest Stewardship Council ("FSC") wood elements, solar PV, multi-generation design and more. The checklist system was tested the year before. In 2022 the checklists will be updated, as well as one being developed for industrial products.

Ilham Residence, Elmina Grove, City of Elmina

Implementation of SUSDEX on Our Products

Property Development	Investment & Asset Management	Leisure
19 townships	**5** assets	**3** operating units

SUSTAINABILITY REPORT

PEOPLE (CONTRIBUTING TO A BETTER SOCIETY)

SUSTAINABILITY STRATEGY

Sustainability is also about caring for our people and communities.

In this context, our priorities include reaching out and responding to the needs of communities, from empowering the underprivileged to building affordable homes. Within the organisation, our focus is on promoting diversity and inclusion, investing in our people and safeguarding their health, safety and well-being.

Our efforts include to implement initiatives to uplift the lives of those in need and alleviate their financial burdens, where possible, to ensure no one is left behind.

Our contributions are in cash and in kind through employee volunteerism and collaborations with our philanthropic arm, *Yayasan Sime Darby* ("YSD"), and non-governmental organisations. In 2021 the Group contributed RM20 million to YSD to support its CSR efforts across the country.

RESPONSE TO COVID-19 AND FLOODS

Sime Darby Property was not spared from the impacts of the COVID-19 pandemic, with 163 staff members and 818 contractor workers infected in FY2021.

The Crisis Management Team ("CMT"), chaired by our Group Managing Director and with the support of the senior management team, was specially formed to manage the unprecedented situation. Over weekly meetings, the CMT approved necessary policies and SOPs to assist employees and stakeholders to navigate through the new working environment. These policies and SOPs were regularly updated in accordance with the Government's national health and safety mandates.

In summary, the following was achieved:

- Fully vaccinated (staff) as of December 2021 – 99.5 percent.
- Fully vaccinated (contractor workers) as of December 2021 – 96.0 percent.
- A total of 127 Auxiliary Police officers were assigned to monitor and enforce COVID-19-related compliance in the workplace.
- COVID-19 Compliance Assessment covering 14 projects – 99.0 percent compliance.

The Group enforced strict adherence to the policies and SOPs, with daily monitoring of employees and stakeholders' compliance to the mandated rules. While most employees were allowed to Work from Home, individuals at all Sime Darby Property premises and work sites were required to use KN95/N95 or KF94 masks as an upgrade from the normal three-ply masks. In view of safeguarding the staff and stakeholders' well-being, group activities and travels were drastically curtailed, with exemption of those with permissions.

As part of Sime Darby Property's extensive 'COVID-19 Care Support' programme, each employee received a specially curated care package that included a pulse oximeter, COVID-19 self-test kits, face masks, face shields, thermometer, and cash vouchers from a leading pharmacy in Malaysia.

Amid the prolonged pandemic, we provided help in the form of food assistance and vouchers for grocery supplies, among others, to help communities reeling from the impact of the health crisis. Our efforts were aimed at responding to the needs of underprivileged communities within and around our townships across the Klang Valley, Negeri Sembilan and Johor, as well as our contribution of 6,000 food packs to underprivileged communities through the *Bakul Makanan Selangor* programme.

And in response to the unprecedented floods that hit Selangor at the end of 2021, Sime Darby Property provided support to about 2,500 affected households in the Bandar Bukit Raja township and communities in Shah Alam, as well as Serenia City in Sepang. Through our collaboration with YSD, we provided food packs, drinking water and other essential items to the flood victims, while our employees helped with house clean-ups and our contractors carried out road cleaning works at townships.

For the benefit of the underprivileged communities, we continue to organise Economic Empowerment Programmes which involved entrepreneurship training and mentoring sessions to help them improve their living standards and achieve success in their businesses.

Volunteers distributing aid to the flood victims in Dengkil

ADAPTING TO THE NEW NORMAL

Within our organisation, we went beyond safeguarding the well-being of our employees by including their immediate family members in our digital well-being programme, *Jalinan Nurani*. Launched in July 2020, the programme has proved to be invaluable during the lockdowns by serving as an avenue to address the psychological and emotional needs of employees and their family members.

Jalinan Nurani offers a wide range of engaging and interactive programmes and activities such as a wellness website, health talks, webinars, digital coaching and mentoring services.

To protect our employees and help them adapt to the new normal, we implemented special initiatives such as work-from-home arrangements and flexible working hours during the lockdowns to benefit employees who had to tend to their children and family at home. In addition, we amended the Compassionate Leave criteria to include caring for children undergoing quarantine. Our employees were also equipped with digital tools to work remotely from home and attend online meetings via digital platforms such as Microsoft Teams.

SUSTAINABILITY REPORT

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Sime Darby Property has always prioritised its target of zero work-related fatalities, but a contract labourer's death in 2021 had reinforced the importance of creating a safe work environment.

To kick-off the Group's HSSE and sustainability transformation journey, the HSSE, Quality and Sustainability functions were combined into one department in 2021. A new Head of Department, with 25 years of experience in the oil & gas industry, was appointed to spearhead the department.

The action plan was to focus on going back to the basics and working on the highest risk which is 'Work at Height'. The team completed the first series of eight (8) manual sections of the Group's minimum HSSE Mandatory Requirements under its new HSSE Management Framework.

Among the programmes introduced for employees is the Leadership Action Programme ("LEAP") for Senior Management, which saw four (4) LEAP visits completed, involving six (6) Executive Leadership team members. Apart from that, we also conducted sessions on Learning From Incidents (Work at Height), as well as Systems Thinking for 186 employees.

We also introduced the Safety Observation reporting towards encouraging staff to report incidents/unsafe acts and conditions at the workplace and at home. The Safety reporting culture was a gap that was identified with low number of injuries reported. A system was put in place to encourage the organisation to report safety observations. By December 2021, 45 injuries were reported by the contractors while the staff submitted 890 Safety Observations, a good start in the transformation journey.

On our engagement with contractors, we rolled out the Workers' Quarters Hygiene Assessment at 14 sites to enhance HSSE awareness and compliance among contractors.

We recorded 45 injuries among workers due to slips, falls, cuts, and other types of afflictions occurring at our work sites. Our Lost Time Injury Frequency Rate ("LTIFR") was reduced to 0.08* in 2021 from 0.14 in 2020 due to lower number of activities during the pandemic, which in turn, minimised the likelihood of incidents occurring.

WORKERS' WORKING CONDITIONS

Throughout the pandemic, the Group implemented strict standard operating procedures ("SOPs") and safety measures, such as daily body temperature checks and social distancing rules, across all our operating units. All contractors were also required to comply with the Pandemic Management Prevention of COVID-19 Infection for Construction Activities Guideline.

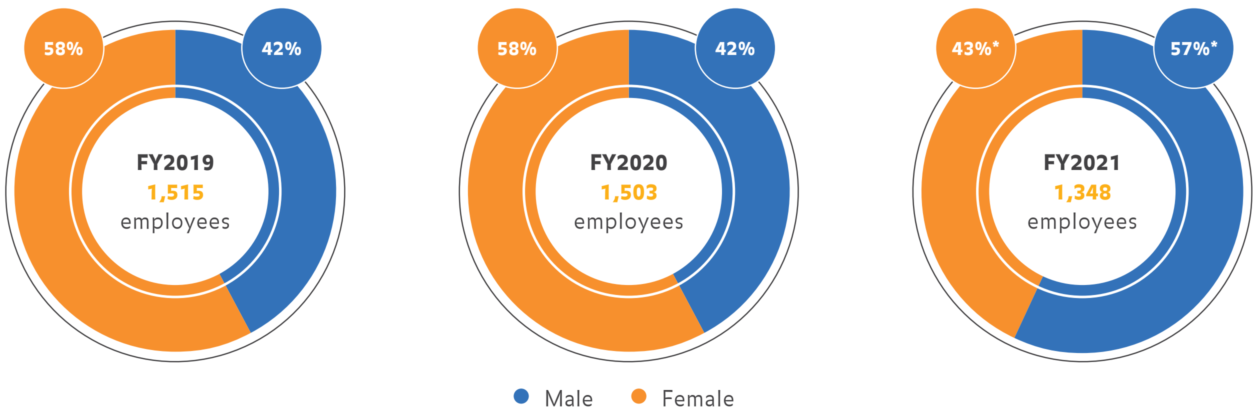
During the year under review, as a result of strict SOPs, the Group managed to contain the spread of COVID-19 at our workplaces as well as project sites.

We piloted the Workers' Quarters Hygiene Assessment at 14 sites to enhance HSSE awareness and compliance. In addition, we monitored contractors' compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446), which was fully enforced by the Government in September 2020. The assessment adds a suite of checks on livability and comfort on top of the requirements of the Act. The contractors at the 14 sites scored 91.0 percent in the assessment.

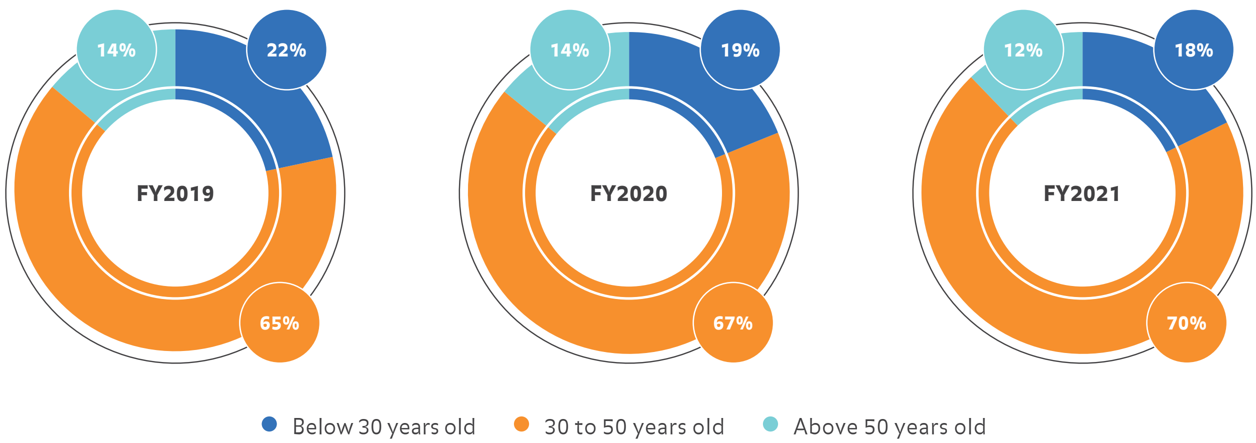
* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

Leadership Engagement Action Programme ("LEAP")

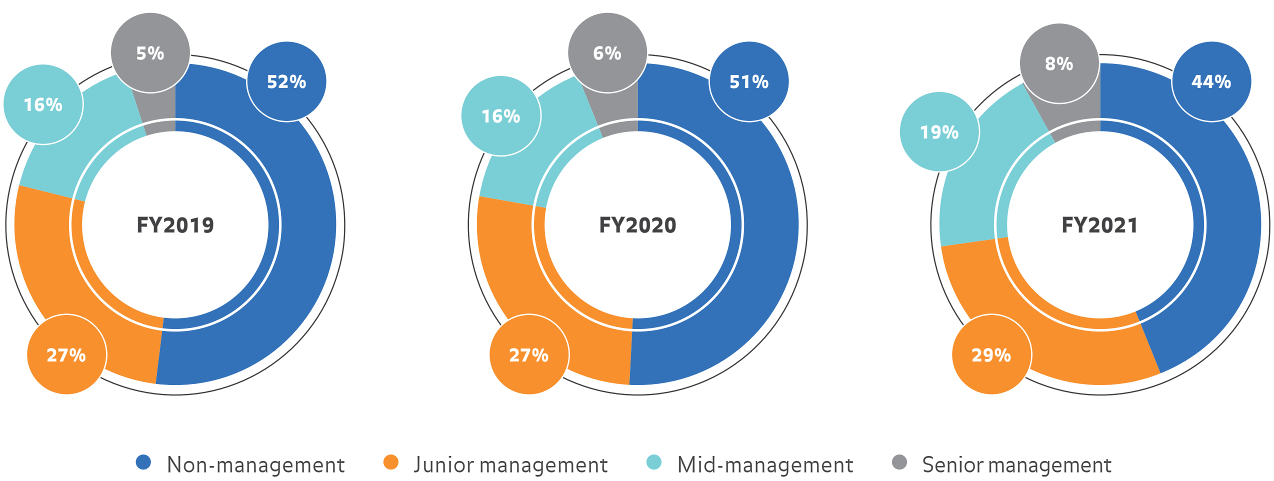
Total Employees



Age Group



Job Level



* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

SUSTAINABILITY REPORT

Chinese New Year 2022 Lion Dance at Sime Darby Property Headquarters

DIVERSITY AND INCLUSION

As a progressive organisation that strives towards a sustainable future for all, we ingrain diversity (in terms of age, gender and ethnicity) and inclusion at our workplace by enforcing anti-discrimination policies and practices across all levels, with hiring and promoting based on merit.

Our diversity and inclusion practices are guided by our Group Policies and Authorities ("GPA"). Our employment principles comply with the Equal Opportunity and Anti-Discrimination policies that are embedded in our internal GPA on Human Resources.

Of our total 1,348 employees as at 31 December 2021, 57.0 percent* were male, whilst 43.0 percent* were female. In terms of Board diversity, the Group achieved the 30.0 percent threshold of women representation following the appointments of Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin to the Board as independent and non-executive directors on 1 October 2021.

By age group, 18.0 percent of our employees were below the age of 30; 70.0 percent were between 30 and 50 years old; and the remainder 12.0 percent were above 50 years old.

Non-management staff accounted for the biggest group of our employees at 44.0 percent, followed by junior management at 29.0 percent, mid-management at 19.0 percent and senior management at 8.0 percent.

Our employees are also protected by the Group's Whistleblowing Policy, which serves as a grievance mechanism for employees to file complaints on discrimination without fear of reprisals. In the year under review, there were zero reported cases of discrimination in Sime Darby Property.

To develop an agile workforce, we continue to invest in our people across all levels. Our employee training and development programmes are aimed at keeping our people up to date with the latest knowledge and skills in the industry, as well as helping them develop soft skills and interpersonal skills. In 2021, employees attained 23,520 training hours, an average of 2.2 days per staff. Our learning and development programmes have been increasing steadily in terms of total learning hours since 2018.

In addition, we have various programmes and platforms aimed at creating an engaging and conducive workplace, ensuring the well-being of our employees and enabling the Group to retain our talents.

We are also committed to safeguarding human rights in our labour-intensive business operations and across our supply chain. We prioritise matters such as the welfare of foreign workers, fair employment terms and the provision of humane living quarters in our consideration of ethical labour practices. We are against all forms of slavery and forced labour, as well as child labour.

Moving forward, we will continue to step up reasonable efforts to minimise and mitigate negative social impacts, including human rights, in our operations, products, services and/or business relationships.

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

PLANET (OPTIMISING ENVIRONMENTAL PERFORMANCE)

SUSTAINABILITY
STRATEGY

Subang Forest Reserve Dam, adjacent to City of Elmina

CLIMATE ACTION

High on Sime Darby Property's agenda is the decarbonisation of its business operations and products in the context of climate change. This is in line with our commitment to reduce the negative impact of our operations on the environment for the benefit of the present and future generations.

The Group continued to make progress in terms of total operational carbon emissions reduction as shown above; however, a proportion of close to half the total carbon reduction (28.88 percent reduction) is estimated to result from business operations reduction due to the pandemic lockdowns that took place in 2021.

The Group is mindful that the Property Development segment, especially infrastructural works, has consistently contributed to the highest carbon emissions due to substantial fuel usage from heavy machinery. To address this, we are gradually moving towards installing renewable energy to reduce fossil fuel usage. Decarbonisation roadmaps for operational and embodied carbon are being developed in FY2022.

SUSTAINABILITY REPORT

OPERATIONAL ECO-EFFICIENCY PROGRAMME

The Group optimises environmental performance by systematically setting reduction targets for total carbon emissions, total waste generation and water intensity consumption, or increase total recycling and tree-planting initiatives through our Operational Eco-efficiency Programme and engagements.

FY2021 Eco-efficiency Footprint Summary

Total Carbon Emissions (Scope 1 and Scope 2) (Assured)	Total Operational Potable Water use (Assured)	Total Operational Solid Waste to Landfill (Assured)	Total Operational Recycling	Total Trees Planted (September 2011-Dec 2021)	Total IUCN Trees Planted (September 2011-Dec 2021)
41,107* $tCO_{2}\text{-e}$	722,598* m^3	4,623,459* kg	205,282 kg	115,814 trees	22,809 IUCN trees

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

While this holistic programme has been progressively in place since 2009, where the carbon footprint was the first initiative of those listed, the Group still has some way to go before we could achieve our targets; e.g., operational recycling stands at less than 5.0 percent of solid waste footprint. After five (5) years of executing the Waste and Recycling Footprint Programme, it will be an area of further focus to see recycling replication standardised moving ahead.

Our long-term targets, as outlined in the Group's 2030 SGs, include being operationally carbon negative; achieving zero waste by reducing, recycling, reusing and repurposing our waste materials; and reducing our water intensity by 30.0 percent by 2030.

FY2021 Waste, Recycling and Water Targets (For carbon performance, please refer to 2021 Corporate Sustainability KPI on page 85):

	Waste	Recycling	Water^
2021 Targets	-10.00%	+10.00%	-1.00%
Actual Achievements	-35.72%	+4.44%	-15.88%
Variance	+25.72%	-5.56%	+14.88%
% Against Targets	+257.20%	-55.60%	+1,488.00%

^ *Intensity reduction.*

CLIMATE CHANGE RISKS & OPPORTUNITIES

Increasing human activities such as rapid urbanisation and development are a leading factor to climate change, which poses a variety of physical threats to industries and businesses including the property development and construction sector. To mitigate the Group's exposure to climate risks, Sime Darby Property is presently evaluating our climate change risks to quantify to what extent generically identified risk items may impact the company. For example, 'Water Scarcity' - to what extent it may impact the business and stakeholders in the context of climate change scenario modelling.

While risk quantification is ongoing, a number of mitigation practices are already practised and opportunities related to climate change risk are already in implementation, such as improving housing energy efficiency, flood mitigation, installation of renewable energy in products as mentioned in page 82.

ENVIRONMENTAL COMPLIANCE PERFORMANCE

We are guided by the Group's QHSSE Policy and the Environmental Management System Manual to ensure efficient environmental management, inclusive of environmental legal compliance. In 2021, we launched our 'Sustainability Policy' (further outlined in page 86) and QHSSE, which highlighted multiple commitments as guidance to conduct business in a responsible manner.

When it comes to township planning and design, Sime Darby Property applies the Urban Stormwater Management Manual for Malaysia ("MSMA") to ensure our developments do not affect the hydrological systems in the areas in which we operate. The HSSE & Environment Management Plan and Erosion Sediment Control Practice ("ESCP") are also implemented to ensure efficient flood management is in place at all times.

KL EAST MALL'S SUSTAINABLE WASTE MANAGEMENT

Since its opening in November 2020, KL East Mall has been running its 'Total Waste Management Programme' to monitor waste production and implement effective reductions solutions.

The programme involves the separation of waste by its retail and F&B tenants into three categories, i.e. recyclable, bio-organic/food and non-recyclable waste. To ensure full compliance by tenants, the waste is collected door-to-door daily by hired vendors.

Recyclable waste is sold, and proceeds from the sales are used to pay for the door-to-door waste collection service. Food waste, on the other hand, is sent for compost recycling to reduce the amount of food collected at waste collection centres. Through its Total Waste Management Programme, which helps keep waste collection sustainable and environmentally friendly, KL East Mall has managed to reduce its waste generation and has in its first year set a baseline to make further improvement from FY2022 onwards.

In FY2021, the KLEM Total Waste Management Programme resulted in a recycled solid waste of 64,772 kg; recycled organic and food waste of 96,169 kg; and landfill waste of 683,614 kg. Moving ahead, targets have been set to reduce landfill waste, as well as increase the reduction and recycling of waste.

COMMUNITY RECYCLING REPLICATION

Sime Darby Property has been a strong proponent of community-centric recycling programmes to reduce waste and promote more sustainable living. In 2016, the Group initiated a Solid Waste Recycling programme in Bandar Bukit Raja. Simultaneously two other township locations; Bukit Jelutong and Saujana Impian's Vista Mahogani undertook community recycling as well. Since then, 354.2 tonnes of total solid waste community recycling has been achieved based on data collected. In FY2021, a total of 106.0 tonnes community recycling was achieved and of that, 5.7 tonnes were recycled by the two Bandar Bukit Raja affordable high-rise communities. These two communities participated in a company facilitated recycling and education scheme in 2021. This scheme is set for two years and the educational campaign is sponsored by YSD. They are paid for their recycling by a vendor, and thus far it is estimated that this scheme has benefitted this community to an amount of RM3,600 (an average of RM11/household).

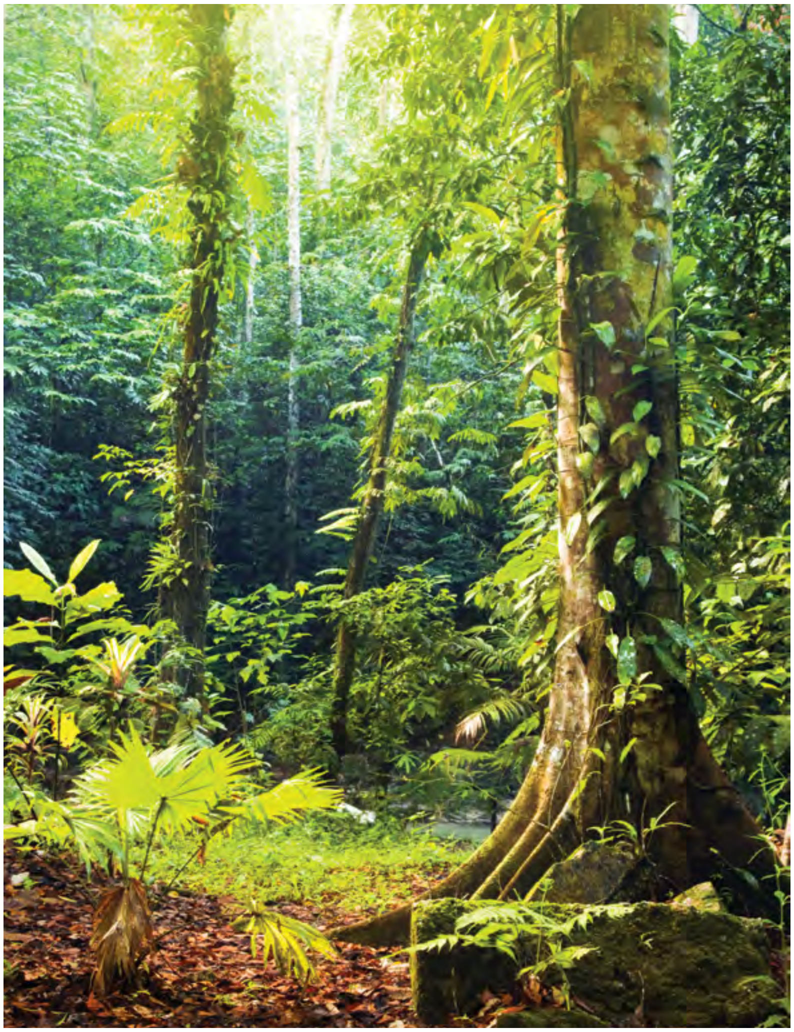
Recycling initiatives at KL East Mall

SUSTAINABILITY REPORT

IMPLEMENT GOOD BIODIVERSITY PRACTICES

Sime Darby Property makes every effort to improve biodiversity levels within our townships during the development process to ensure the well-being of our communities and the nature.

The Group's Biodiversity Programme Elements and Initiatives:



- Zero primary rainforest deforestation clause in the Group's 'Sustainability Policy'.
- Tree-to-tree replacement ratio of 1:1 at Group-level (since 2011);
  - Presently at 0.5:1 as it is a lagging indicator – it takes time to replant).
  - Total planted since 2011 – 115,814 trees.
- 10.0 percent IUCN Red List tree quota within all landscaping (since 2020).
  - Total planted since 2011 – 22,809 trees.
- Endangered, Rare and Threatened ("ERT") Tree Landscape Identification and Maintenance Guideline.
- Wetlands Construction & Maintenance Guideline (published 2018/19).
- 84-acre forest park (under construction) within City of Elmina's 300-acre Central Park.
- Two biodiversity inventories (KL East and Elmina) adjacent sensitive forested areas.
- Partnership under MoU with TRCRC to operate the ERKC and ELCN built by Sime Darby Property in 2019.
- Audubon Golf Course accreditation for KLGCC.

Through our collaboration with the TRCRC, Sime Darby Property introduced the ERKC and ELCN, both located within the 84-acre Forest Park District of the 300-acre Elmina Central Park in the City of Elmina.

The ERKC focuses on environmental education and conservation, research & development and other green initiatives and programmes, whilst the ELCN serves as a dedicated nursery for the propagation and growth of ERT trees found in Malaysia that are on the IUCN Red List. The Group's aim is to produce up to 100,000 IUCN Red List trees by 2030, with the majority being planted within our townships. Under the scheme, Sime Darby Property purchases the trees from TRCRC and a proportion of the profits is used by TRCRC to deliver educational programme at the ERKC.

Meanwhile, the Group has also conducted biodiversity inventory assessments on KL East and the City of Elmina to further mitigate our ecological impact and preserve our natural resources for future generations.

The biodiversity inventory for KL East was conducted between 2014 and 2015 (and supplemented with further study by an Arborist in 2020), and it included detailed assessments of the flora and fauna, and research on the water quality of the rivers. Most of the species found were not endangered or rare. Among them were:

Total Number of Flora & Fauna Species

Flora

Trees, herbs and shrubs
230

Fauna

Insects	Birds	Amphibians and reptiles
32	43	20

The inventory assessment for the City of Elmina, which was undertaken between 2020 and 2021, detailed the various species of flora and fauna in the adjacent 2,700-acre Subang Forest Reserve, the nearby oil palm plantation, and in Elmina Central Park. Among the flora and fauna discovered were:

Flora	Fauna				
Trees, palms, liana, herbs, ferns	Birds	Amphibians	Invertebrates	Mammals	Reptiles
114	65	21	85	25	31


Subang Forest Reserve Dam, adjacent to City of Elmina

SUSTAINABILITY REPORT

PROSPERITY (DELIVERING SUSTAINABLE DEVELOPMENT)

SUSTAINABILITY STRATEGY

Sime Darby Property's Prosperity sphere and related 2030 Sustainability Goals involve tracking and measuring the financial and economic impacts of our business activities. One of our core objectives as a leading property developer in Malaysia is to play an active role in building a resilient and competitive economy. In this context, our focus is on creating tangible and intangible value for all stakeholders, including supporting local suppliers and vendors and providing job opportunities to local communities.

ECONOMIC IMPACT (LOCAL SPENDING)

We support local industries by engaging local vendors and contractors in most of our projects, as this can indirectly increase our contribution to the local economy. Our target is to meet the 90.0 percent threshold of contracts awarded to local vendors by 2030 as stated in Goal 1 of our 2030 SGs. In FY2021, contracts were awarded to 98.6 percent local vendors. In FY2020 it was 99.0 percent.

In 2020, our total economic injection to our contractors and vendors stood at RM1.22 billion and RM1.38 billion in 2021. Job creation was slightly higher in 2021 at 2,740 compared to an estimated 2,471 in 2020 via our commercial and industrial and logistic developments.

To help small and medium enterprises ("SMEs") stay afloat amidst the economic fallout from the pandemic, we accelerated invoice payment to two (2) weeks to ease vendors' cash flow during the MCO.

CONCEPT HOME 2030

In a bid to transform the homes in Malaysia, Sime Darby Property introduced Concept Home 2030 ("CH2030"), an initiative that aims to reinvent how houses can be designed and built in the future. It is a platform that allows architects and visionaries to engage and exchange solutions with industry experts, consumers, and the public to turn great ideas into great designs, and great designs into prototypes.

With the pandemic inadvertently forcing us to take a good, hard look at the industry and ponder whether the homes now are flexible to support our future needs, the CH2030 is a timely initiative to push innovators of the built realm to produce ideas and home designs that stand the test of time.

The first phase of CH2030 featured the Concept Home 2030 Competition ("Competition") which challenged visionaries to redesign the quintessential Malaysian terrace homes. We partnered with Malaysian Institute of Architects ("PAM") and received 171 registered participants which marked the highest number of registrants in the history of PAM's competitions.

A number of impressive submissions showed excellent potential in disrupting the industry, such as the ideas to gamify property-owning experience using blockchain technology, and innovative construction methods that are expandable and customisable to evolving lifestyles.

CH2030 seeks to push property developers from the 'form follows function' method of building today's homes and redesign future homes which incorporate diverse features and flexible use of space, adapt to the effects of climate change, and more.

The initiative aims to encourage the industry to work together to build tomorrow's homes equipped with new technology and capabilities that are of the emerging technology, vision and capabilities that are already in use in some parts of the world. Now more than ever, property developers have the opportunity to rethink the ideal home of the future and push the possibilities to the next level.

Four Pillars of Concept Home 2030

- **Sustainable Solutions**
- **Modern Methods of Construction**
- **Tech-Infused: A Home Brain**
- **Modular, Expandable & Customisable**

For more information on Concept Home 2030, visit https://concepthome2030.simedarbyproperty.com/

SUSTAINABILITY REPORT

SUSTAINABILITY SRI SUKUK

Strengthening financial resilience is a key priority at Sime Darby Property, as we seek to maintain sustainable business growth, whilst creating long-lasting positive impacts on the community. Towards this end, the Group activated the Sustainable and Responsible Investment ("SRI") Sustainability Sukuk Musharakah Programme in 2020 to generate funds for current and future projects that are aligned with our 2030 SGs and the UN SDGs.

Our Sukuk Musharakah Programme is rated 'AA+$_{IS}$' by the Malaysian Rating Corporation Berhad ("MARC"), reflecting our sound business fundamentals.

In December 2020, we successfully made the first issuance of RM800 million Sukuk Musharakah, out of which RM150 million with a tenor of five years was ASEAN Sustainability SRI Sukuk Musharakah.

2021 SRI SUKUK IMPACT SUMMARY

No.	Description of Eligible Assets	Township/Location of Eligible Assets/ Projects	SDP 2030 Sustainability Goal	Date of Addition or Substitution of Eligible Assets to Portfolio	Amount Allocated to Eligible Assets (RM)
1	**Affordable Housing Phase A2 (Serenia City)**	Serenia City	Goal 6	3 December 2020	100,000,000.00
2	**Affordable Housing Phase 17B (Serunai)**	Bandar Bukit Raja ("BBR")	Goal 6	3 December 2020	46,700,000.00
3	**Elmina Rainforest Knowledge Centre**	City of Elmina ("CoE")	Goal 7, 15, 16	3 December 2020	1,800,000.00
4	**Inclusive Playground (City of Elmina)**	City of Elmina ("CoE")	Goal 10	3 December 2020	700,000.00
5	**Elmina Living Collection Nursery ("ELCN") to grow IUCN Red List Trees at Central Park**	City of Elmina ("CoE")	Goal 15, 16	3 December 2020	800,000.00
	Total Eligible Assets Added to Portfolio				**150,000,000.00**

SUSTAINABILITY REPORT

The ASEAN Sustainability SRI Sukuk tranche was the first its kind from a property developer globally. It was fully subscribed upon issuance, and the proceeds raised were used to fund five projects, comprising two affordable housing developments, a biodiversity educational centre, a plant nursery for endangered trees and Malaysia's first inclusive playground conceived in partnership with UNICEF Malaysia.

This was in line with our Sustainability Sukuk Framework, which has set out five categories to be funded by proceeds raised through the SRI Sustainability Sukuk Musharakah Programme. These include Pollution Prevention and Control; Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency and Climate Action; Affordable Housing; and Socioeconomic Advancement and Empowerment.

Type of Utilisation (New Project/ Refinancing)	Purpose of Eligible Assets/ Projects	Status of Eligible Assets/ Projects	Sustainability Impact
Refinancing	Affordable Housing	Completed	• 302 Double Storey Link Homes ("DSLH") completed, measuring 20'x75' with 4 bedrooms per unit. • 1,208 residents (assuming 4 residents per unit) estimated to benefit from this affordable housing phase.
Refinancing	Affordable Housing	Completed	• Total 570 strata units completed. 120 units of 900 sq. ft. (Type C2) and 450 units of 1,000 sq. ft. (Type D), both types with 3 bedrooms. • 2,280 residents/570 families (assuming 4 residents per unit) estimated to benefit, after handover scheduled in January/February 2021. • Homes were reserved to families with household monthly income below RM10,000.00.
Refinancing	Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency; Climate Action	Completed	• As at 31 December 2021, 5,386 children and adults have been engaged through activities, events and workshops from the ERKC (in person and virtually). • 14.96 MWh of renewable energy from the Solar PV panels installed.
Refinancing	Socio-economic Advancement and Empowerment	Completed	• 13 inclusive playground features to benefit children with and without disabilities to play together as equals. • An open-source Best Business Practice Circular and Guidance Toolkit guideline developed. • Key inclusive playground design principles to be replicated into future playgrounds.
Refinancing	Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency; Climate Action	Completed	• Total ELCN area of 2.5 acres (present size) defined. • ELCN current capacity of 3,000 to 5,000 IUCN Red List rainforest trees (depending on tree size) and 5,800 IUCN seedlings. • Growing stock of IUCN Red List saplings. • Nearly 22,000 seedlings of 94 rainforest species growing at ELCN in 2021. • Up to 5 nursery trainees to be hired from the local community. • Up to a minimum of 100,000 IUCN Red List trees to be supplied across the Group's townships and for other biodiversity conservation purposes by 2030. In 2021 approximately 2,000 IUCN Red List Trees supplied for planting in Elmina Central Park.

SUSTAINABILITY REPORT

AFFORDABLE HOMES

In support of the UN SDGs principle of 'Leaving No One Behind', Sime Darby Property is committed to providing sustainable and affordable homes to communities from the low-income segment. Our target is to build 15,000 affordable homes priced below RM600,000 by 2030, as we play our part to address the shortage of affordable homes in Malaysia.

Our focus is not just on the pricing, but we also put great emphasis in ensuring that the homes we build are designed to overcome the typical shortcomings of conventional affordable homes such as inadequate natural lighting and ventilation, poor functionality in space planning and uncomfortable living environments. To achieve this, we focus on a human-centric design approach that optimises energy efficiency and provides individual and community-oriented activity spaces; environmentally friendly and sustainable material selection; and the Modern Method of Construction ("MMC") that utilises systems and methods such as Industrial Building System ("IBS") and Building Information Modelling ("BIM").

As of 31 December 2021, we delivered 2,228 units of affordable homes, surpassing the cumulative target of 2,000 affordable homes. Of the units we delivered, 1,659 were statutory housing units priced at RM200,000 and RM270,000.

RENEWABLE ENERGY

Product level operational future carbon emissions and customer energy cost have led us to undertake a partnership with TNBX Sdn. Bhd., a subsidiary of Tenaga Nasional Berhad ("TNB"). The MoU signed in September 2019, in conjunction with the Asian Utility Week, will help us realise our aim of delivering energy-efficient homes with renewable energy by incorporating the use of solar photovoltaic ("PV") panels.

2,228
units of affordable homes

1,659
were statutory housing units priced below **RM270,000**

513 double-storey homes with total **1,026 kWp** and additional
1,697.18 kWp
of future renewable energy from 455 units


Serunai Apartment, Bandar Bukit Raja

This partnership has resulted in 513 double-storey homes with total 1,026 kWp in the City of Elmina being equipped with solar PV panels, enabling homeowners to reduce carbon emissions, as well as lower their monthly electricity bills.

Replication of solar PV inclusion in our products is ongoing and as at December 2021, the following list of residential and industrial products were slated for solar PV inclusion totalling an additional 1,697.18 kWp of future renewable energy from 455 units.

Performance Review

No	Township	Product Type	Launch Date	No of units	PV system/unit (kWp)	Total PV system (kWp)
1	Elmina East	Double Storey Link Homes	December 2021	277	2	554.00
2	Bandar Bukit Raja	Detached Factories	December 2021	49	18.36 x 8 = 146.88* 12.42 x 41 = 509.22*	656.10
3	Kota Elmina	Factories	November 2021	22	20	440.00
4	KLGCC Resort	Serviced Apartment	May 2021	107	0.44	47.08
				Total kWp committed to in 2021 product sales		**1,697.18**

Note:
* 8 units have larger solar PV systems than the other 41 units.

DIGITAL MARKETING

In FY2021, the Group intensified its digital marketing and online campaigns to continue engaging with our customers throughout the various stages of lockdowns in the country. We take pride in the fact that we are among a handful of property developers in the country that could provide customers with a full end-to-end digital and online sales experience.

Our enhanced digital marketing solutions, built in-house, helped drive our sales during what was the most challenging time we had ever faced in recent history, and this, in turn, enabled us to contribute to maintaining jobs and employment in the economy.

DATA & CYBERSECURITY

With technology and innovation becoming increasingly embedded into our business processes to improve operational efficiencies, organisational improvement with digitalisation, digitisation and automation, we have stepped up our efforts to improve our capabilities in managing and mitigating data and cybersecurity risks.

On this note, our Information Technology ("IT") capabilities are constantly enhanced through awareness, robust policies and procedures that are governed by the RMC and Technology Innovation Committee ("TIC"), while our cybersecurity is safeguarded by our Group Policy and Authority A2 – Information Technology and Group Information Security Policy ("GISP").

The Group also focuses on updating and upgrading its infrastructure and processes regularly in addition to building data & cybersecurity awareness and capacity within the organisation, as well as implementing the Security Operations Centre ("SOC") to monitor and manage all cybersecurity matters.

To further strengthen our security measures, a security posture assessment is conducted annually and an external consultant is engaged to evaluate the health of our data infrastructure and security systems.

Backed by such comprehensive measures, the Group managed to keep its record of zero cybersecurity violations in 2021. We continue to aim for zero violations in 2022, as we remain committed to protecting our customers' data and privacy while adhering to IT security standards.

DATA-DRIVEN DECISION-MAKING

Sime Darby Property has built its own data warehouse on Microsoft Azure, utilising cloud computing technology. The Group has connected all systems data into a master depository to enable data-driven decision-making.

Data-driven decision-making provides businesses with the capability to generate real time insights and predictions to optimise their performance. This will provide the Group with many benefits of different strategies to make informed business decisions for sustainable growth.

MARKET REVIEW AND OUTLOOK

THE MALAYSIAN ECONOMY AND GENERAL OPERATING LANDSCAPE

Malaysia's quarterly GDP hovered between RM335.8 billion and RM370.7 billion throughout the four quarters of 2021, supported by new stimulus and assistance packages worth RM530 billion and measures under Budget 2021 worth RM322.5 billion in the face of unprecedented challenges posed by the COVID-19 pandemic.

As the country remained partially closed during the second phase of MCO in January 2021 and third phase in May 2021, the country's GDP registered a year-on-year ("y-o-y") drop of -0.3 percent and -4.5 percent in Q1/2021 and Q3/2021 respectively, whereas GDP in Q2/2021 recorded a 16.2 percent growth y-o-y mainly due to the low base figures recorded during the first phase of the MCO in the second quarter of FY2021. Subsequently, GDP grew by 3.6 percent y-o-y in Q4/2021 as economic activities resumed with the easing of COVID-19 pandemic-driven containment measures.

Overall, Malaysia's economy grew by 3.1 percent in 2021 compared to a drop of -5.6 percent in 2020. This year's economic rebound was aided by a recovery in the labour market and continued policy support.

Due to overall soft economic performance, the labour market remained highly volatile in 2021. Broadly, the unemployment rate remained elevated between 4.5 percent and 4.8 percent, mainly because of longer and stricter movement restrictions. The situation has gradually improved since August 2021, as most economic and social activities were operating as usual in accordance with strict SOPs. Subsequently, the unemployment rate in December lowered to 4.2 percent.

Malaysia's Consumer Price Index ("CPI") recorded a 3.2 percent y-o-y increase to 124.5 points in Q4/2021, also registered as the eleventh (11th) consecutive month of positive inflation rate since February 2021 due to the lower base effect in the preceding year. The increase was mainly driven by double-digit growth of 11.0 percent in the transport group due to the RON95 petrol ceiling price setting to RM2.05 per litre starting March 2021, and other segments, including food, non-alcoholic beverages, housing, water, normalisation of electricity prices, gas and other fuels.

After surging above the optimism threshold of 100 points for the first time after 3 years, from 64 points in Q2/2021 to 102 points in Q3/2021, the Consumer Sentiment Index ("CSI") slightly moderated to below the said threshold in Q4/2021, driven by growing concerns over rising prices and reduced disposable income.

Subsequently, the Business Conditions Index ("BCI") in Q4/2021 improved by 25 points quarter-on-quarter ("q-o-q") to 122 points, as manufacturers have regained confidence at the back of an increase in domestic and external sales and capital investment, as well as the prospects of the reopening international borders and the anticipated recovery of the global economy.

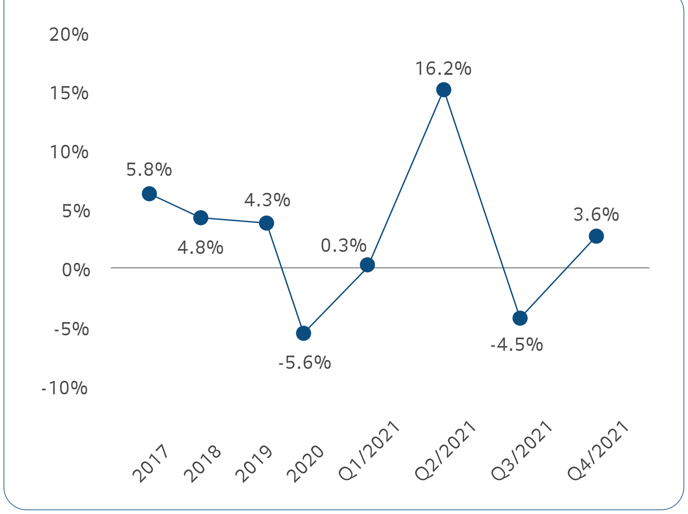
To support the economy during the pandemic, Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at a historical low of 1.75 percent since Q3/2020. Along with the fiscal and financial measures, BNM continued utilising its policy levers to encourage a sustainable economic recovery. Corresponding to the OPR, both Base Lending Rate ("BLR") and the base rate remained low in 2021. The average BLR remained stable at 5.5 percent in December 2021 (December 2020: 5.5 percent), whilst the average base rate declined to 3.4 percent in December 2021 (December 2020: 3.5 percent). The low-interest-rate environment is expected to induce more spending and facilitate economic recovery.

As of 31 January 2022, 97.9 percent of the adult population were fully vaccinated, and 51.2 percent of the adult population have received the booster dose. With a high vaccination rate, all states in Malaysia have moved into Phase 4 of the NRP since early October 2021. In this phase, the public and private sectors can operate at 100.0 percent capacity with relaxed SOPs and policies for specific industries alongside interstate travel for fully vaccinated individuals. This encourages greater optimism that the country's economic performance will continue to improve in the coming year, particularly with the expected improvement from tourism-related industries and activities.

With the recovery gaining momentum in 2022, BNM estimates that the domestic economy will achieve an annual growth rate of 5.3 percent to 6.3 percent in 2022.

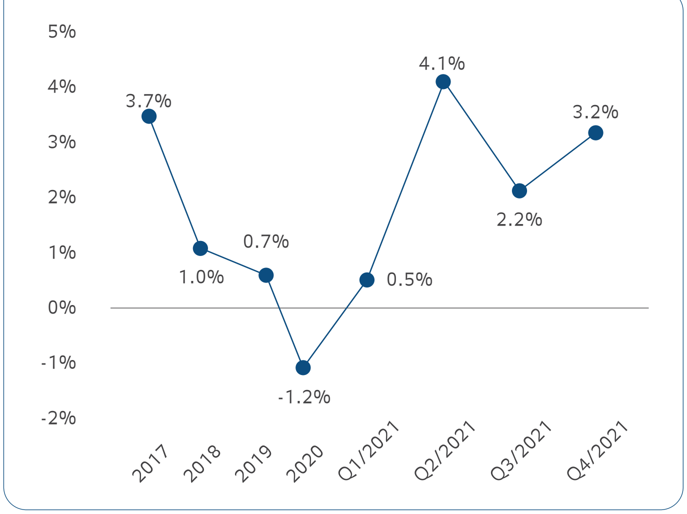
MARKET REVIEW AND OUTLOOK

FIGURE 1: GROSS DOMESTIC PRODUCT ("GDP") GROWTH



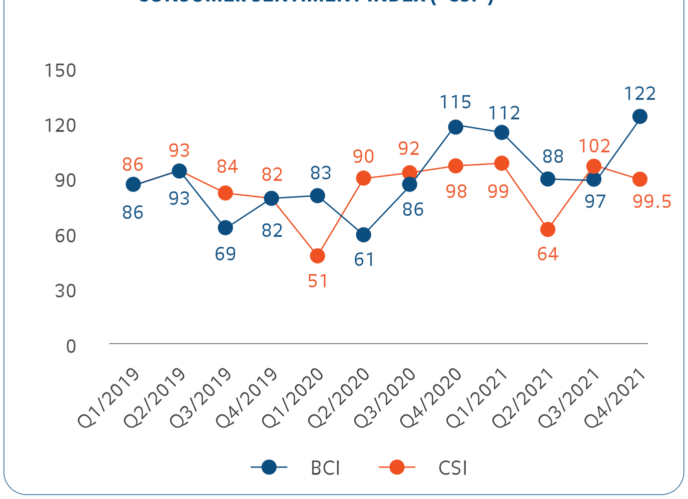
Source: Department of Statistics Malaysia ("DOSM"), Bank Negara Malaysia ("BNM")

FIGURE 2: CONSUMER PRICE INDEX (Y-O-Y CHANGES)



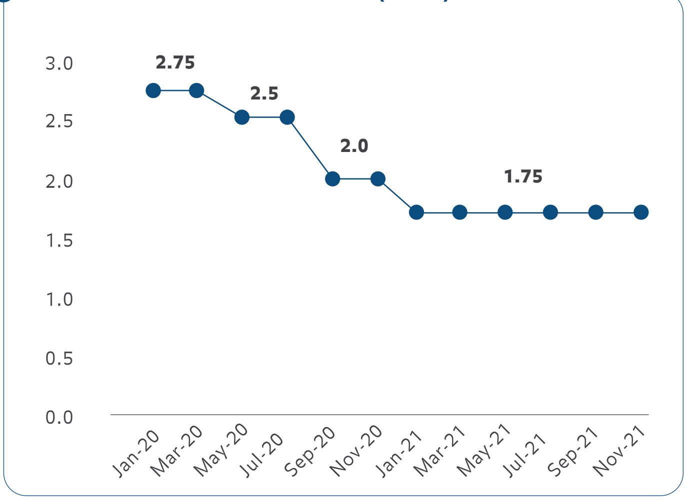
Source: DOSM, BNM

FIGURE 3: BUSINESS CONDITIONS INDEX ("BCI") & CONSUMER SENTIMENT INDEX ("CSI")



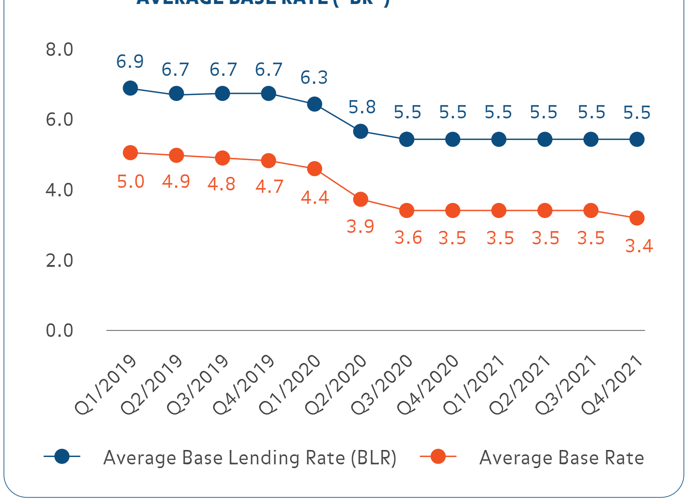
Source: Malaysian Institute of Economic Research ("MIER"), Savills Research

FIGURE 4: OVERNIGHT POLICY RATE ("OPR")



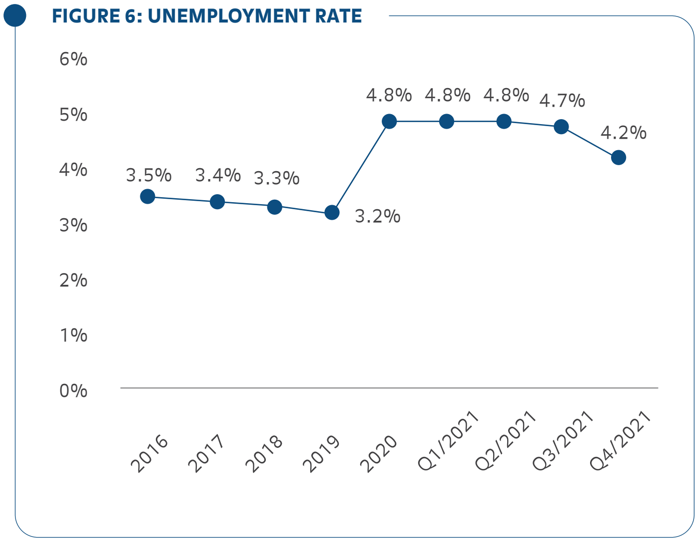
Source: BNM

FIGURE 5: AVERAGE BASE LENDING RATE ("BLR") & AVERAGE BASE RATE ("BR")



Source: BNM

FIGURE 6: UNEMPLOYMENT RATE



Source: DOSM

MARKET REVIEW AND OUTLOOK

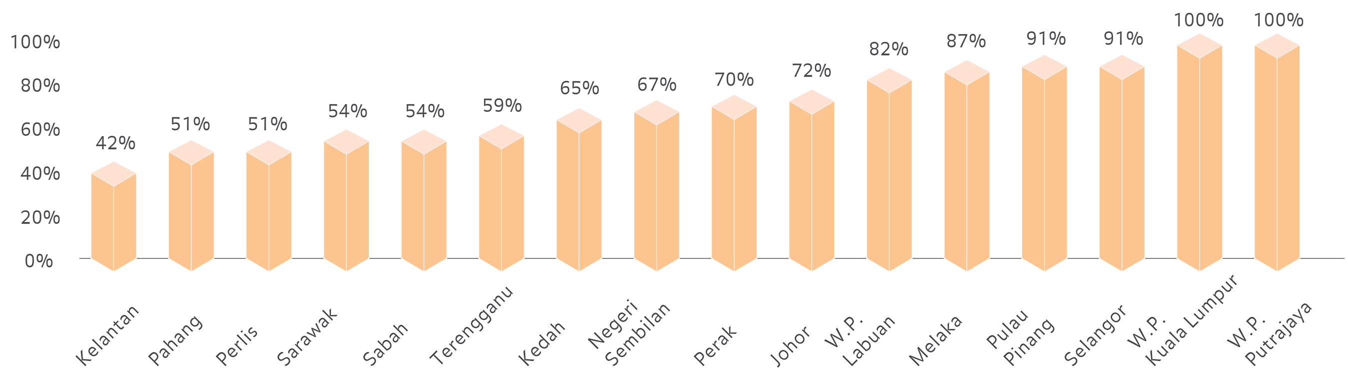
RESIDENTIAL PROPERTY SECTOR

MARKET OVERVIEW

Malaysia: Urbanisation Rate

Official estimates from the DOSM indicated a high urbanisation rate for states forming the Greater KL conurbation[1] i.e. 100 percent for the Federal Territories of Kuala Lumpur and Putrajaya, and 91.0 percent for Selangor. As an expanding growth conurbation, Greater KL is poised to integrate further with its adjacent states, propelled by projects such as MVV 2.0 in Negeri Sembilan, KLIA Aeropolis, and upgrades in interstate railway systems. In this case, Negeri Sembilan is expected to achieve urbanisation rates higher than the current 67.0 percent, in tandem with the nation's projected growth in urbanisation rate from 81.2 percent in 2030 to 88.0 percent by 2050.

FIGURE 7: URBANISATION RATE BY STATE



Source: DOSM, Savills Research

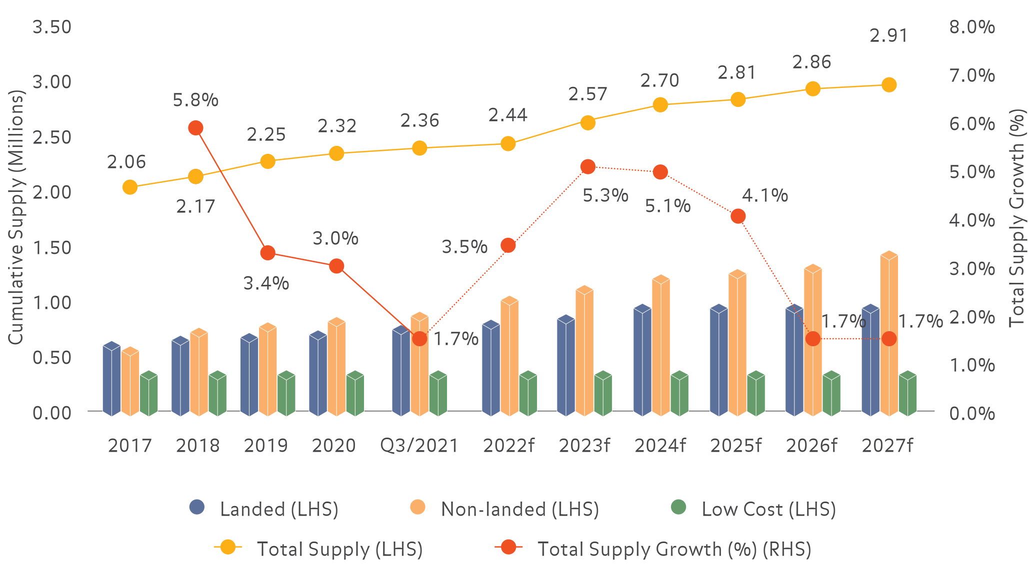
Note:

[1] *Greater KL, defined as the geographical area of some 2,900 square kilometres encompassing Kuala Lumpur and its surrounding metropolitan areas*

EXISTING AND FUTURE SUPPLY

Greater KL

FIGURE 8: CUMULATIVE RESIDENTIAL SUPPLY (INCLUDING SOHO & SERVICED APARTMENT), GREATER KL



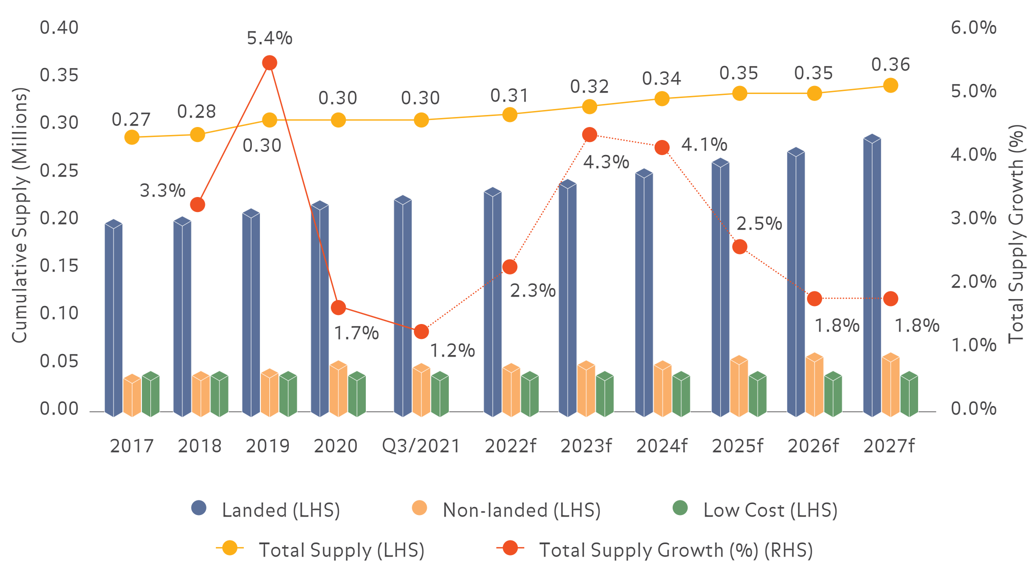
Source: NAPIC, Savills Research

In Q3/2021, the total supply of residential properties in Greater KL (including SOHO and Serviced Apartment) was circa 2.36 million units. Out of this total supply, the proportions of landed residential units, non-landed residential units, and low-cost housing units were 39.4 percent, 44.3 percent, and 16.7 percent, respectively. Terraced, semi-detached, detached, and cluster homes are categorised under the landed residential units. Townhouses, flats, condominiums, apartments, SOHO, and serviced apartments are non-landed residential units, whereas low-cost housing units consist of low-cost houses and low-cost flats.

Negeri Sembilan

The total supply of residential properties in Negeri Sembilan (including SOHO and Serviced Apartment) was about 300,000 units as of Q3/2021. As opposed to Greater KL, landed residential units dominated the supply, with the ratio of landed units, non-landed units, and low-cost housing units registered at 75.3 percent 12.8 percent and 12.0 percent, respectively.

FIGURE 9: CUMULATIVE RESIDENTIAL SUPPLY (INCLUDING SOHO & SERVICED APARTMENT), NEGERI SEMBILAN



Source: NAPIC, Savills Research

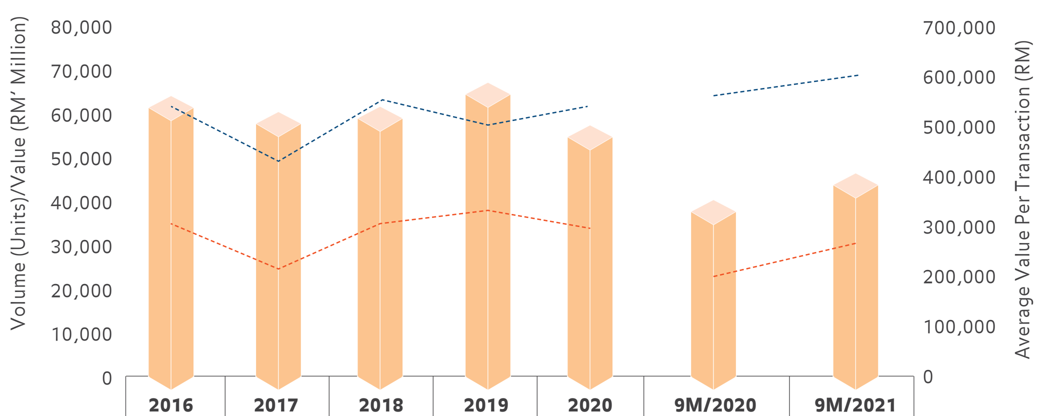
Negeri Sembilan's future residential supply is estimated at circa 54,700 units, as of Q3/2021, with the incoming and planned supply amounting to 22,800 units and 31,900 units, respectively. By 2027, the cumulative residential supply in Negeri Sembilan is expected to increase to about 360,000 units. The landed residential units will continue to dominate in the future, accounting for approximately 76.9 percent of the total projected supply.

TRANSACTION VOLUME AND VALUE

Greater KL

The residential property market activity has improved in Greater KL, wherein 44,348 residential units valued at RM26.7 billion changed hands for the cumulative period of 9M/2021, a 12.7 percent y-o-y increase in volume and 22.1 percent increase in value, from 39,354 transactions valued at RM21.9 billion in 9M/2020. Overall, the average value per transaction in 9M/2021 was at circa RM601,892, an increase of 8.3 percent y-o-y from RM 555,541 in 9M/2020.

FIGURE 10: RESIDENTIAL TRANSACTION VOLUME & VALUE, GREATER KL



	2016	2017	2018	2019	2020	9M/2020	9M/2021
Transaction Volume (Units) (LHS)	62,987	61,398	62,262	66,964	57,928	39,354	44,348
Transaction Value (RM' Million) (LHS)	34,590	26,228	35,086	36,487	32,232	21,863	26,693
Average Value/ Transaction (RM)(RHS)	549,154	427,182	563,523	544,869	556,423	555,541	601,892

Source: NAPIC, Savills Research

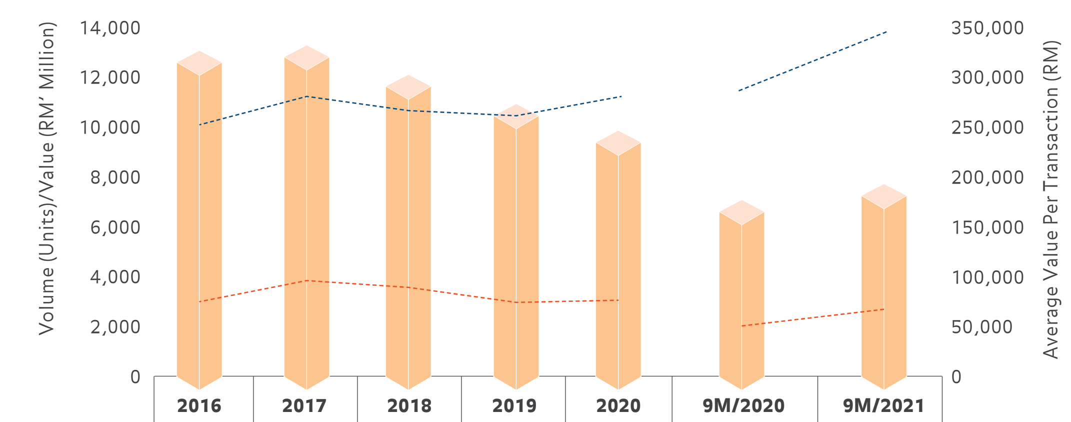
MARKET REVIEW AND OUTLOOK

RESIDENTIAL PROPERTY SECTOR

Negeri Sembilan

Residential transaction volume in Negeri Sembilan grew marginally by 4.6 percent to 7,436 units in 9M/2021, from 7,111 units registered in 9M/2020. This growth also corresponds to the increase in transaction value by 18.1 percent y-o-y, from about RM2.1 billion to RM2.4 billion through the same period. The average value per transaction increased by 13.0 percent to RM328,273 per transaction in 9M/2021 from RM290,628 per transaction in 9M/2020.

FIGURE 11: RESIDENTIAL TRANSACTION VOLUME & VALUE, NEGERI SEMBILAN



	2016	2017	2018	2019	2020	9M/2020	9M/2021
Transaction Volume (Units) (LHS)	13,007	13,141	12,320	10,803	9,869	7,111	7,436
Transaction Value (RM' Million) (LHS)	3,205	3,947	3,577	2,949	2,810	2,067	2,441
Average Value/ Transaction (RM) (RHS)	246,397	300,338	290,361	272,973	284,748	290,628	328,273

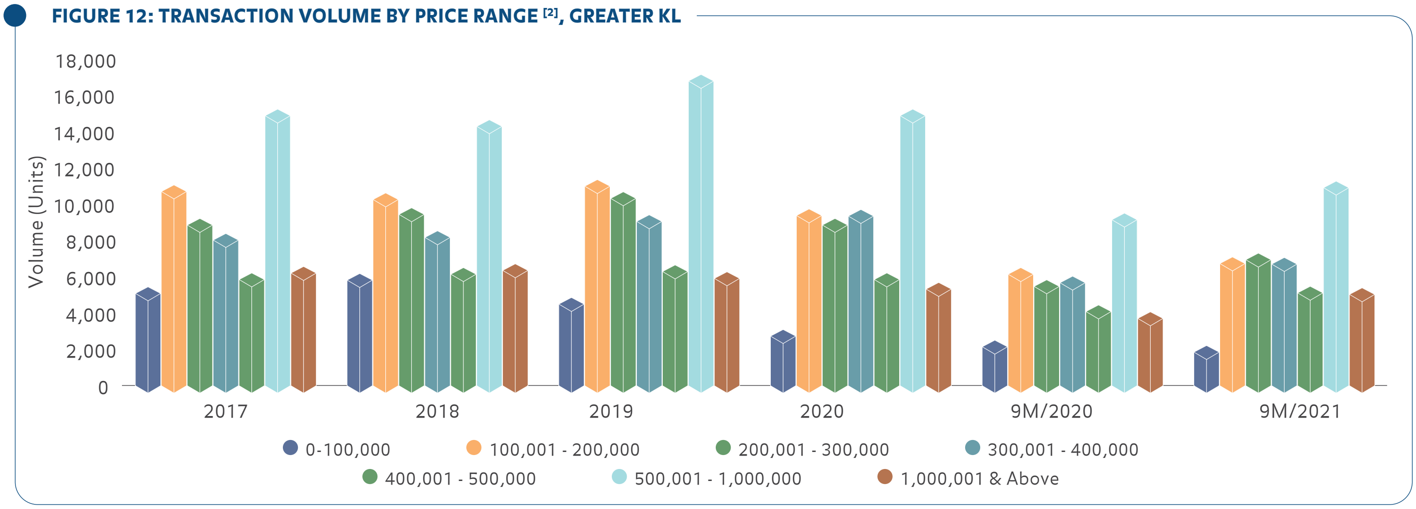
Source: NAPIC, Savills Research

TRANSACTION VOLUME BY PRICE RANGE

Greater KL

Of the 42,622 residential transactions (excluding serviced apartments and SOHO) recorded for 9M/2021, 37.4 percent (15,930 units) were above RM500,000 whereas 62.6 percent (26,692 units) were priced below RM500,000. Further, transactions between the price range of RM100,000 and RM400,000 collectively represented 45.7 percent (19,483 units) of the total corresponding transaction in 9M/2021 and was reportedly the most transacted price range since 2017 (ranging from 45.7 percent to 48.6 percent of total transactions).

FIGURE 12: TRANSACTION VOLUME BY PRICE RANGE [2], GREATER KL



Source: NAPIC, Savills Research

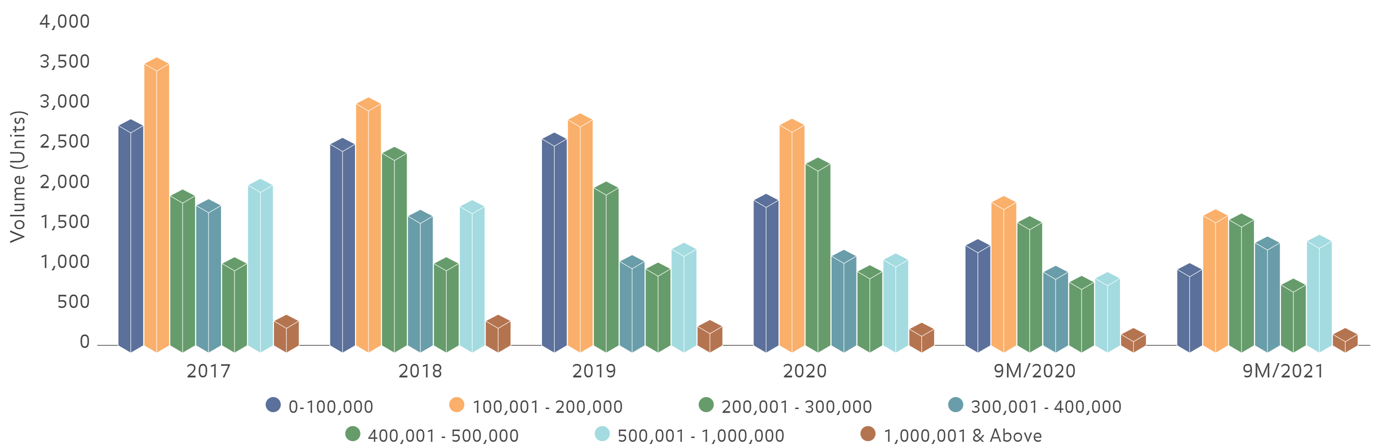
Note:

[2] *Data does not include Serviced Apartment and Soho for Q3/2021.*

Negeri Sembilan

In 9M/2021, of the total 7,433 transactions (excluding serviced apartments and SOHO), 82.9 percent (6,164 units) of residential transactions in Negeri Sembilan were below RM500,000, while only 17.1 percent (1,269 units) were priced above RM500,000. Additionally, transactions within the RM100,000 to RM200,000 price range comprised 21.7 percent (1,610 units) of the total corresponding transaction, making it the most transacted price range since 2017 till the present.

FIGURE 13: TRANSACTION VOLUME BY PRICE RANGE [3], NEGERI SEMBILAN



Source: NAPIC, Savills Research

Note:

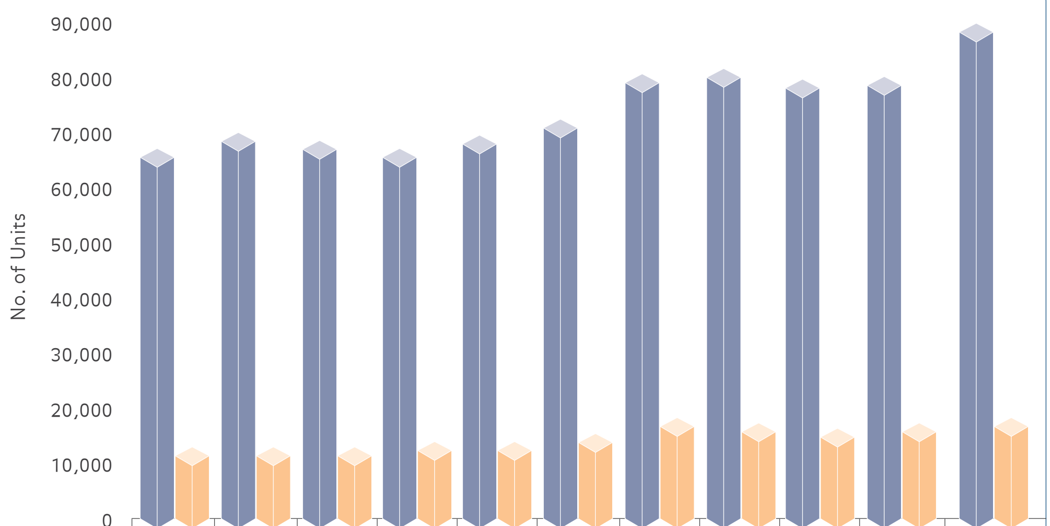
[3] *Data does not include Serviced Apartment and Soho for Q3/2021.*

RESIDENTIAL PROPERTY OVERHANG

Greater KL

Affected by the spike in daily COVID-19 infections in Q2/2021 and the reintroduction of MCOs beginning Q3/2021, the number of overhang units in Greater KL has increased since Q1/2021, from 14,196 to 16,154 units as of Q3/2021. However, the said overhang units in Q3/2021 accounted for 18.1 percent of the 89,360 launched units cumulatively, improving from 20.7 percent of the 81,308 launched units recorded a year ago at Q3/2020.

FIGURE 14: RESIDENTIAL PROPERTIES OVERHANG, GREATER KL



	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Greater KL - Launched Units	67,139	70,732	69,358	68,710	70,416	74,727	81,088	82,056	79,458	81,308	89,360
Greater KL - Overhang Units	12,032	12,388	12,430	13,022	13,145	14,761	16,768	16,051	14,196	15,331	16,154

Source: NAPIC, Savills Research

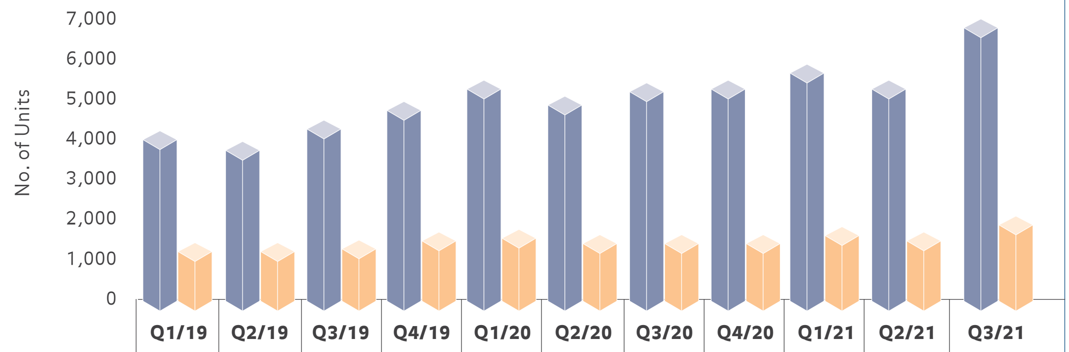
MARKET REVIEW AND OUTLOOK

RESIDENTIAL PROPERTY SECTOR

Negeri Sembilan

In Q3/2021, the number of property overhang units in Negeri Sembilan stood at 1,135 units (16.6 percent of 6,849 launched units), a 13.6 percent quarter-on-quarter increment from 999 units in Q2/2021 and a 17.6 percent year-on-year increment from 965 units in Q3/2020. Generally, the take-up rate has improved, as shown by the decrease in the ratio of unsold units from 19.3 percent in Q3/2020 to 16.6 percent in Q3/2021.

FIGURE 15: RESIDENTIAL PROPERTIES OVERHANG, NEGERI SEMBILAN



	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Negeri Sembilan-Launched Units	3,981	3,885	4,122	4,514	5,181	4,879	4,996	5,200	5,320	5,198	6,849
Negeri Sembilan-Overhang Units	1,040	1,037	1,062	1,048	1,108	959	965	1,008	1,065	999	1,135

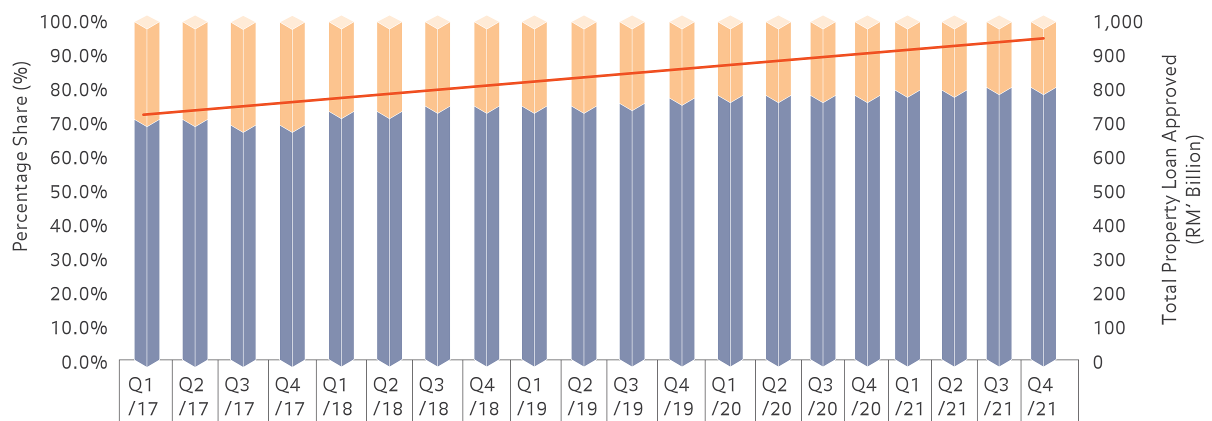
Source: NAPIC, Savills Research

MALAYSIA: LOAN APPROVAL RATE

Overall, the amount of property loans approved has been increasing at a Compound Annual Growth Rate ("CAGR") of 5.9 percent p.a., from RM733 billion in Q4/2017 to RM923 billion in Q4/2021. Of the total loans approved, 74.9 percent (RM692 billion) was approved for residential properties, whereas 25.1 percent (RM231 billion) were approved for non-residential properties (around 75:25 ratio), an upward shift in ratio from some 70:30 back in Q4/2017 in favours of residential property loans.

In line with stricter lending measures prior to the pandemic, the rate of growth in approved residential loans has been decreasing from a y-o-y growth of 8.0 percent in 2017 to 6.3 percent in 2021 (Figure 17), albeit the amount of total residential loan approved has increased with a CAGR of some 7.5 percent p.a. during the same period.

FIGURE 16: TOTAL PROPERTY LOANS APPROVED

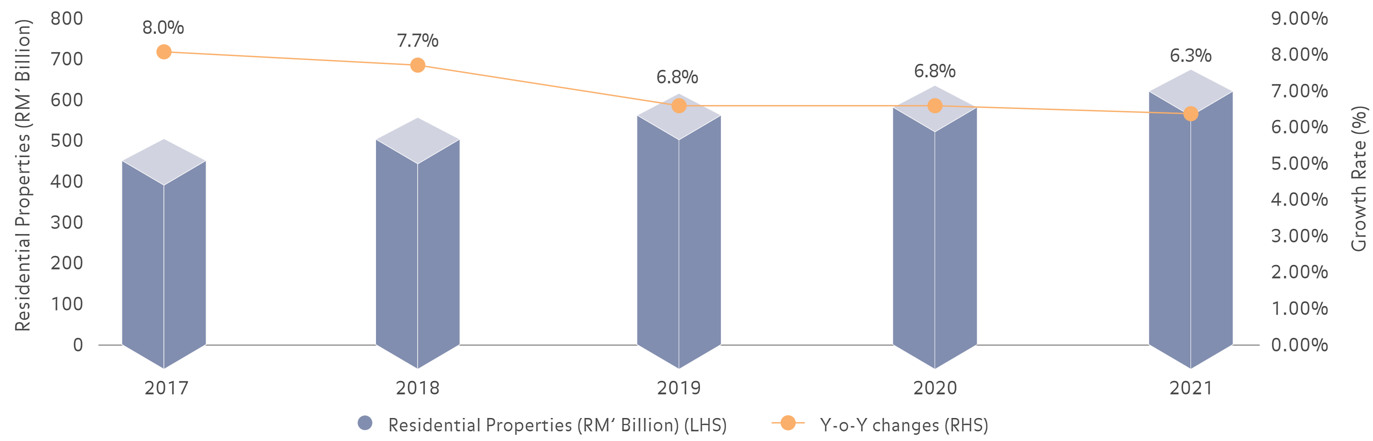


	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21
Non-residential % share (LHS)	30.2	29.8	29.6	29.1	28.8	28.6	28.3	28.0	27.8	27.7	27.4	27.2	26.9	26.7	26.5	26.1	25.8	25.5	25.3	25.0
Residential % share (LHS)	69.8	70.2	70.4	70.9	71.2	71.4	71.7	72.0	72.2	72.3	72.6	72.8	73.1	73.3	73.5	73.9	74.2	74.5	74.7	75.0
Total Property Loans (RM' Billion) (RHS)	699	709	721	733	745	760	770	781	793	805	815	830	839	848	866	877	886	894	906	923

Source: BNM, Savills Research

How We Create Value

FIGURE 17: RESIDENTIAL LOANS APPROVED



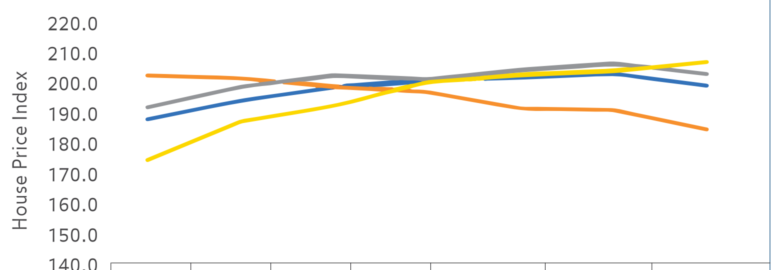
Source: BNM, Savills Research

MALAYSIA HOUSE PRICE INDEX ("HPI")

The Malaysian House Price Index ("HPI") stood at 198.6 points in Q3/2021, marginally higher than the 197.8 points recorded in Q3/2020. The country's overall HPI has been trending upwards from 176.1 points in 2016 to 200.3 points in 2020 with a CAGR of 3.3 percent p.a.

Selangor's HPI was at 199.0 points in Q3/2020, with a 1.7 percent increase to 202.4 points in Q3/2021. Negeri Sembilan also exhibited positive movement in HPI, from 196.5 points in Q3/2020 to 206.3 points in Q3/2021, marking a 5.0 percent y-o-y gain. Conversely, Kuala Lumpur's HPI declined by -5.8 percent from the previous year to 184.3 points (Q3/2020: 195.6).

FIGURE 18: ALL HOUSE PRICE INDEX (HPI) BY STATE



	2017	2018	2019	2020	Q1/2021	Q2/2021	Q3/2021
Malaysia	187.6	193.7	198.0	200.3	201.1	202.5	198.6
Kuala Lumpur	201.9	201.0	198.1	196.5	191.1	190.6	184.3
Selangor	191.5	198.2	202.1	200.7	203.8	205.9	202.4
Negeri Sembilan	174.3	186.9	192.0	199.7	202.0	203.3	206.3

Source: NAPIC, Savills Research

MARKET OUTLOOK

With 97.9 percent of the adult population fully-vaccinated and 51.2 percent of the adult population receiving the booster dose as of 31 January 2022, the sentiment around the outlook for the nation's economy has improved, as the nation looks forward to endemicity and the reopening of international borders in due course. In short, the market is reactively anticipating a reversion to the pre-pandemic economic status quo, albeit in the new normal, underpinned by further guidance from the authorities along with the latest progress in the fight against COVID-19 and its virulent variants.

The discontinuation of the HOC, coupled with the end of loan moratorium in February 2022 and the expected rise in OPR to calm cost-push inflationary pressures, may adversely impact the momentum of residential market recovery in 2022. The reintroduction of Malaysia My Second Home ("MM2H") with stricter guidelines for foreigners and the lack of clarity on the reopening of borders will only point to the residential market's eventual reliance on local demand, at least in the near term.

To keep the residential market afloat in these challenging times, several initiatives were introduced in Budget 2022. One of these includes the RM2 billion allocated under the housing credit guarantee scheme, which is expected to provide financing for those who do not have a steady income. In addition, the RPGT exemption for disposals of residential properties from the 6th year onwards is also likely to spur activities in the secondary market.

All in all, in the context of residential property transactions, the market, in general, is expected to revert to reactivity in the near term, i.e. the wait-and-see attitude – on the one hand awaiting proactive marketing measures from the developers and landowners such as further discounts and rent-to-own schemes, whereas on the other, additional loosening guidelines from the Government in the form of tax incentives, lowered borrowing costs and the sooner reopening of international borders, to name a few.

MARKET REVIEW AND OUTLOOK

OFFICE PROPERTY SECTOR

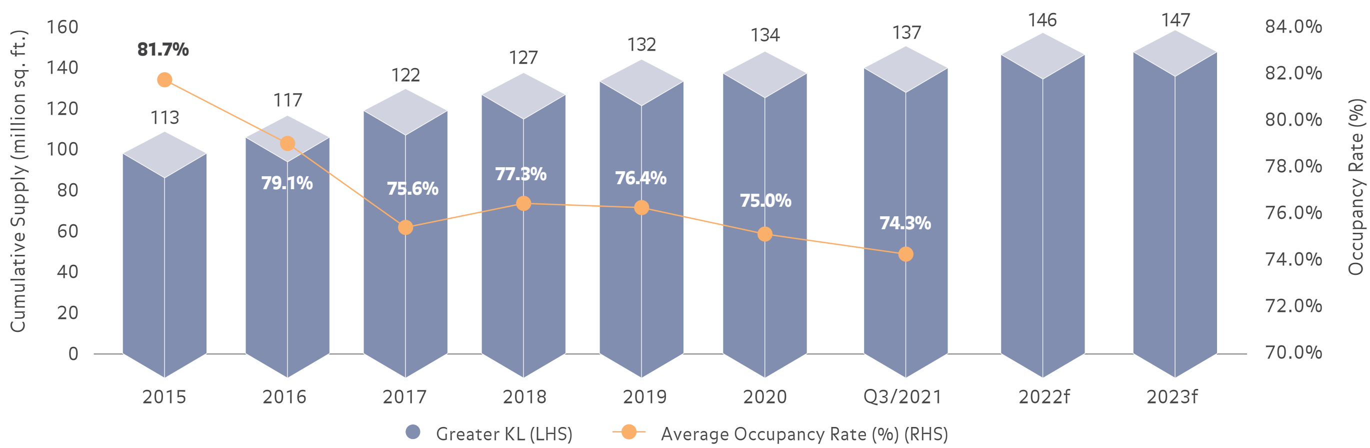
MARKET OVERVIEW

The cumulative supply of office space in Greater KL has increased steadily at a CAGR of 3.5 percent p.a., from about 113 million sq. ft. in 2015 to 134 million sq. ft. in 2020. As of Q3/2021, the Greater KL recorded 137 million sq. ft. in office space, adding 2.75 million sq. ft. of new office space into the market.

In the first nine months of 2021, nine new office buildings were completed in the Greater KL. Three of which are in Outer KL: Q Tower, Imazium @ Damansara Uptown, and Quill 9 Annexe, totalling 0.69 million sq. ft.. The other six buildings, namely Menara Legasi, Menara Permata Sapura KLCC, TSLaw Tower, The Five @ Kompleks Pejabat Damansara, Plaza Conlay, and Menara Great Eastern 2, with a total size of 2.06 million sq. ft.and are located in Kuala Lumpur.

Since 2015, the average occupancy rate in Greater KL has been declining from 81.7 percent reaching 74.3 percent in Q3/2021. High supply growth and lower-than-average office demand were among the major factors for declining occupancy.

FIGURE 19: CUMULATIVE SUPPLY OF OFFICE SPACE AND OCCUPANCY RATE IN GREATER KL



Source: Savills Malaysia

Average occupancy rates for office buildings in Damansara Heights were above average at 83.6 percent as of Q3/2021. With another 2.11 million sq. ft. of office space scheduled for completion by 2022, the competition in this area is expected to heat up. In Selangor, office spaces in Subang Jaya had an average occupancy rate of 87.3 percent followed by 75.1 percent in Petaling Jaya and 49.2 percent in Shah Alam. The office leasing market in Greater KL has started to pick up, attributed to the relaxation of COVID-19 restrictions, which has led to rising numbers of businesses reopening.

FIGURE 20: OFFICE SUPPLY AND AVERAGE OCCUPANCY RATE IN GREATER KL AND SUBURBS

	Greater KL	Damansara Heights	Petaling Jaya	Subang Jaya	Shah Alam
Future Supply in 2021	8.75	2.11	1.05	0.00	0.48
Existing Supply	136.98	8.49	20.70	3.15	4.84
Average Occupancy Rate	74.3%	83.6%	75.1%	87.3%	49.2%

Source: Savills Research

MARKET REVIEW AND OUTLOOK

Despite the uncertainties during the pandemic, major office transactions in the Greater KL remained active. Twelve major office transactions amounting to RM3.33 billion were concluded in the first nine months of 2021.

In April, IGB Berhad invested RM3.16 billion into IGB Commercial REIT, comprising seven office buildings in Mid Valley City and three office buildings in the Golden. The said ten buildings were Menara IGB and IGB Annexe, Centrepoint South, Centrepoint North, Boulevard Properties, Gardens South Tower, Gardens North Tower, Southpoint Properties, Menara Tan & Tan, GTower and Hampshire Place.

In Q2/2021, Nextgreen Global Berhad acquired Level 37 of Menara The Met, which comprises 12 stratified office lots with a total NLA of 16,105 sq. ft. valued at RM19 million. During the same quarter, New Straits Times Press (Malaysia) Berhad (of which Media Prima Berhad owns 98.2 percent) repurchased Balai Berita Bangsar from PNB Development for RM156 million.

MARKET OUTLOOK

According to Savills Malaysia's "What Workers Want" survey in 2021, 81.0 percent of office workers believe that physical workplace will be necessary 'always' or at least for the short term, as Malaysia steps out of the pandemic on its way to recovery. The Survey also finds that while the hybrid working model will be a mainstay in Malaysia for the foreseeable future, more than 90.0 percent of the respondents believe that creativity and collaboration, meeting work targets and achieving career growth are best met in the office environment.

Given the flight-to-quality perspective, more companies are expected to relocate to newer office spaces that offer flexible and technologically advanced working environments. Additionally, there will be a continued relook at the angle of workspace optimisation due to the hybrid arrangements (working from home and working from the office).

The incentives, aids and tax reliefs announced by the Government under Budget 2022 is expected to spur business recovery for the year. Among the highlights is tax relief extension for building/commercial unit owners who provide rental discounts of at least 30 percent from the original rate until 31 June. To ensure that businesses comply with SOPs amid the pandemic, the Government also proposed to extend the income tax deductions relating to premise renovation and renewal costs of up to RM300,000 until 31 December 2022. On top of that, an additional tax deduction of up to RM50,000 for companies registered under Safe@Work on the rental expenses of employee accommodation premises has been extended for another year.

Generally, the office market will remain a tenants' market as demand lags behind supply in the foreseeable future. Matured office buildings in favourable locations could consider undergoing renovations or potentially be readapted or repurposed for higher or hybrid use as the nation transitions into the new normal.

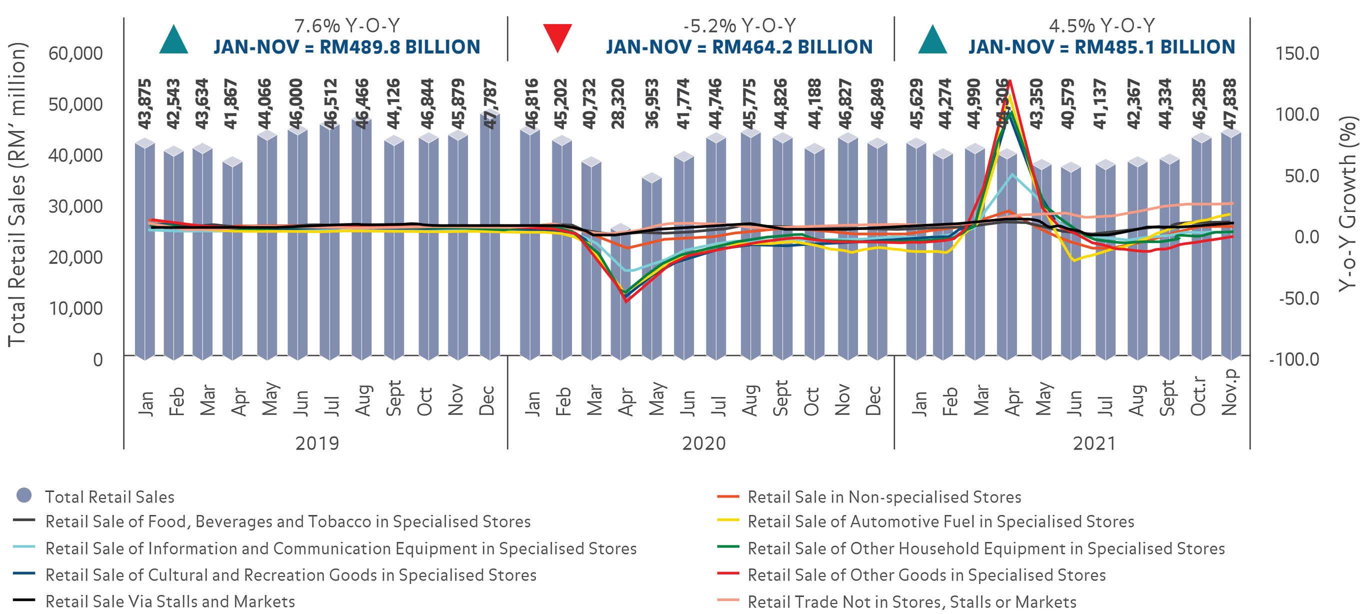
MARKET REVIEW AND OUTLOOK

RETAIL PROPERTY SECTOR

MARKET OVERVIEW

The DOSM reported that Malaysia's retail sales have increased by 4.5 percent y-o-y to RM485.1 billion in the first eleven months of 2021, after a decline of 5.2 percent in the same period of 2020. The top 5 retail trade categories with the highest growth are 1) retail sale of any kind of products not in stores, stalls, or markets, i.e., via mail order, Internet, television; 2) retail sale of automotive fuel in specialised stores, 3) retail sale via stalls and markets, 4) retail sale in non-specialised stores and 5) retail sale of F&B and tobacco. However, in terms of total sales value, the retail sale in supermarkets or convenience stores, personal items, i.e., clothing, beauty & wellness, and household equipment, contributed the largest share.

FIGURE 21: RETAIL SALES GROWTH, MALAYSIA, 2019 TO NOVEMBER 2021



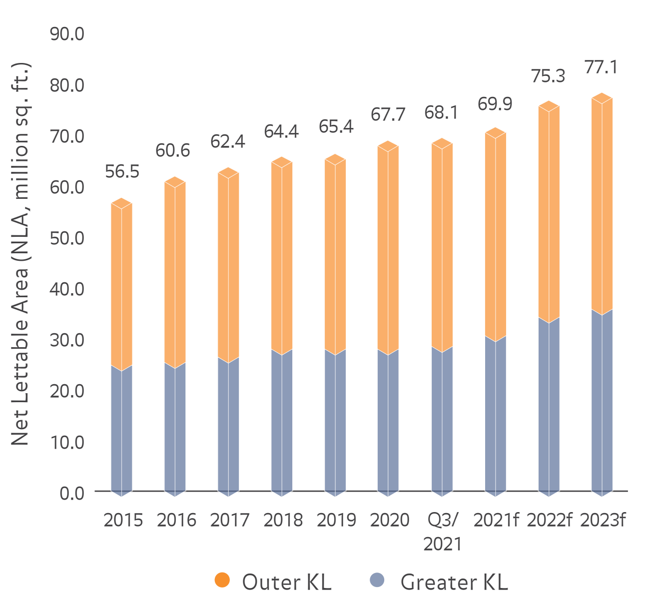
Source: Department of Statistics Malaysia & Savills Research

As of Q3/2021, Greater KL registered a cumulative retail space supply of 68.1 million sq. ft. spread across a total of about 180 retail malls. Of the total retail space supply, 58.0 percent are in Outer KL, while the remaining 42.0 percent are in Kuala Lumpur.

Setia City Mall Phase 2 in Shah Alam was completed in the first quarter of 2021, adding about 400,000 sq. ft. of retail space to the existing Setia City Mall, bringing a total of about 1.1 million sq. ft. The anchor tenant, Lulu Hypermarket and Departmental stores from the Middle East occupy about 150,000 sq. ft. of space across three floors. This was the only mall completed up to Q3/2021.

Greater KL will see 13 new malls completion in the next three years, adding at least 8.9 million sq. ft. of NLA to the market. Outer KL is expected to see 1.9 million sq. ft. (four malls), KL Suburbs, 3.0 million sq. ft. (three malls) and KL City, 3.9 million sq. ft. (six malls). The major future completions include Pavilion Bukit Jalil, which will be completed in Q4/2021, followed by IOI City Mall 2, Pavilion Damansara Heights, The Exchange TRX and Mitsui Shopping Park Lalaport. Nevertheless, further delays in the opening are likely because of continued uncertainties in the retail market.

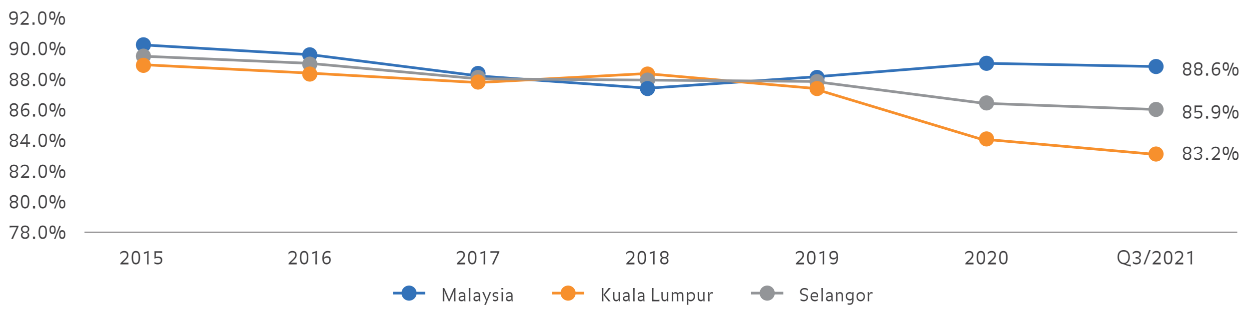
FIGURE 22: CUMULATIVE SUPPLY OF RETAIL SPACE, GREATER KL, 2015 TO 2023F



MARKET REVIEW AND OUTLOOK

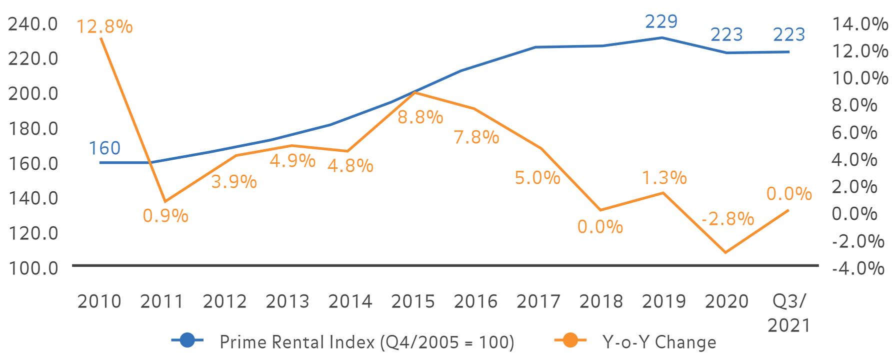
Various lockdown measures imposed in 2020 and 2021 have unintentionally affected the occupancy rates of retail malls. Greater KL retail malls have seen a slight decline in occupancy rates by 0.7 percent to 85.9 percent in Q3/2021 from 86.5 percent in 2020. This is due to the closure of businesses, particularly in non-performing malls, and a subtle progression in leasing activities brought about by the pandemic. Nevertheless, occupancy rates of established malls remained steady, mainly due to major landlords' financial abilities to maintain zero tenancy termination.

FIGURE 23: RETAIL SPACE OCCUPANCY TREND, GREATER KL, 2015 TO Q3/2021



The prime rental index saw a drop of 2.8 percent in 2020 due to replacing new leases on some retail lots during the pandemic. The prime base rent saw a slight decline of 5.0 percent to 10 percent in offer rates for new leases in some prime malls, especially for larger format retailers and some new-to-market international brands. As of Q3/2021, the prime rental index did not change due to minimal movement observed in leasing activities in prime retail floors.

FIGURE 24: PRIME RENTAL INDEX



MARKET OUTLOOK

Shopper traffic for prominent and established retail malls improved, thanks to the easing of domestic movement restrictions. Following that, retail sales have picked up, especially in food, information & communication equipment, household, recreational and personal items.

The response seen after the reopening of the retail malls has boosted the confidence of the entire retail sector, and it has also reaffirmed the fact that brick & mortar retail will never die. However, there needs to be a right balance between online and offline, channels supporting and driving traffic to each other.

Continuous pressure on malls' occupancy is likely to affect further pressure on rents caused by the pandemic through several factors. These factors include changes in consumer spending patterns, the inability of tenants to pay rents despite assistance, and loss of attractiveness in terms of the mall's offerings. However, occupancy rates of prime retail malls remain stable, mainly due to the financial ability of major landlords to maintain zero tenancy termination.

The presence of more creative and collaborative commercial terms between landlords and retailers is expected to shift from the conventional rental structures towards a more participative and profit-sharing approach.

Focus on F&B and other experiential-related services will continue as a trend as these sectors see higher rebound levels and recovery. Additionally, athleisure sports and health-related activities are expected to see continued growth.

As a result of the pandemic, we expect to see much closer collaborations between landlords and retailers across retail brands and retail concepts by realising the importance of working together to reach out to a broader audience. The market could expect more creative initiatives offered by retailers towards enhanced services and experiences by combining resources and product offerings, such as adopting omnichannel solutions to complement the existing brick & mortar and multichannel marketing strategies.

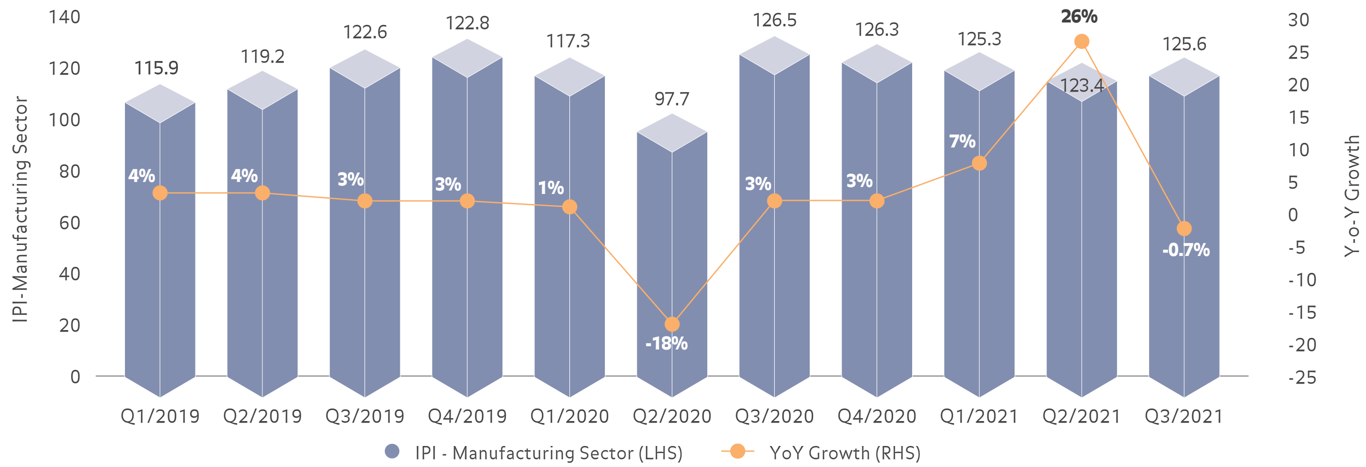
MARKET REVIEW AND OUTLOOK

INDUSTRIAL PROPERTY SECTOR

MARKET OVERVIEW

Malaysia's Industrial Production Index ("IPI") hovered between 123.4 and 126.3 index points in the past four quarters, bolstered by the reopening of economic sectors in Malaysia post-2020. The said index has since remained relatively consistent and has recovered from the -18.0 percent y-o-y drop registered in Q2/2020 (from 119.2 in Q2/2019 to 97.7) due to the implementation of MCO in March 2020. However, there was a marginal -0.7 percent drop in IPI in Q3/2021 (from 126.5 in Q3/2020), affected mainly by the reimplementation of nationwide lockdown to curb the spread of COVID-19 in June 2021.

FIGURE 25: INDUSTRIAL PRODUCTION INDEX ("IPI") FOR MANUFACTURING SECTOR, MALAYSIA, Q1/2019 TO Q3/2021



Source: Savills Malaysia

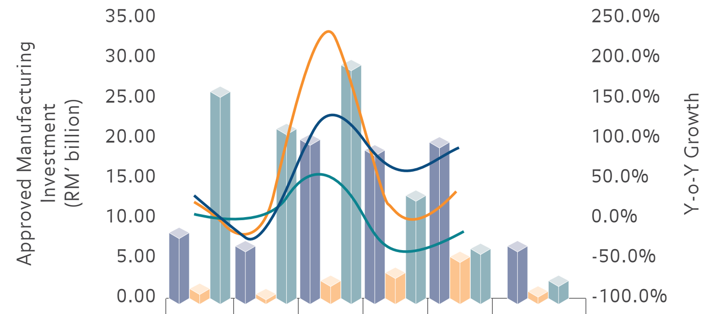
APPROVED MANUFACTURING INVESTMENT

In 2020, Negeri Sembilan saw a 73.3 percent y-o-y increase in approved manufacturing investments to RM6.18 billion (2019: RM3.57 billion), followed by Greater KL's 14.6 percent increase to RM19.73 billion (2019: RM17.21 billion), despite the pandemic. Conversely, total investments in Johor declined by -40.8 percent to RM6.78 billion (2019: RM11.46 billion), negatively affected by international border closure following the introduction of the MCO in March 2020.

Between January and September 2021, total investments in Greater KL stood at RM6.21 billion, while Negeri Sembilan secured RM1.69 billion of approved manufacturing investment, representing approximately 6.0 percent and 1.6 percent of total investment in the country, respectively. As for Johor, the total approved manufacturing investment was RM4.64 billion during the same period.

The manufacturing investment slowdown is primarily attributed to the imposing of the MCO in June 2021 to curb the rising of COVID-19 cases, which later impacted the contraction of investment activities nationwide. Only selected manufacturing and manufacturing-related services sector can operate during movement control order. Thus, it caused a slowdown in outputs and investments.

FIGURE 26: APPROVED MANUFACTURING INVESTMENTS IN GREATER KL, NEGERI SEMBILAN & JOHOR



	2016	2017	2018	2019	2020	9M/2021
Greater KL (RM' billion)	8.07	5.75	19.11	17.21	19.73	6.21
Negeri Sembilan (RM' billion)	1.92	1.11	2.43	3.57	6.18	1.69
Johor (RM' billion)	26.41	21.93	30.51	11.46	6.78	4.64
Y-o-Y Growth (Greater KL)	1.3%	-28.6%	232.0%	-9.9%	14.6%	
Y-o-Y Growth (Negeri Sembilan)	12.2%	-42.3%	119.7%	46.7%	73.3%	
Y-o-Y Growth (Johor)	-15.1%	-17.0%	39.2%	-62.5%	-40.8%	

Source: MIDA, Savills Research

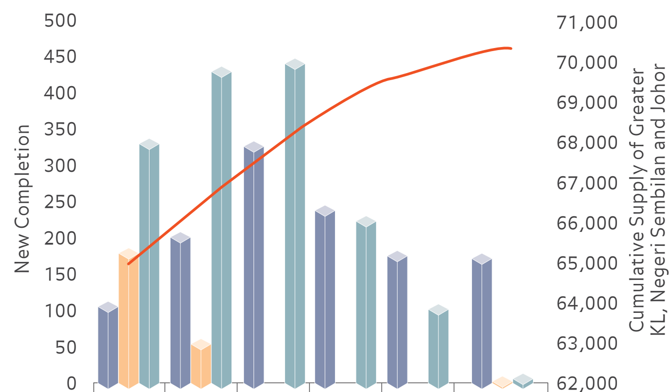
CUMULATIVE SUPPLY OF INDUSTRIAL UNITS IN GREATER KL, NEGERI SEMBILAN & JOHOR

The cumulative supply of industrial properties in Greater KL, Negeri Sembilan and Johor was 70,116 units as for 9M/2021, with the bulk of the supply located in Selangor (58.9 percent, 41,265 units), followed by Johor (25.9 percent, 18,179 units), Negeri Sembilan (7.9 percent, 5,534 units) and Kuala Lumpur (7.3 percent, 5,138 units).

In Greater KL, future supply (incoming & planned supply) was recorded at 2,981 units, with 43.6 percent (1,301 units) in Klang and 4.7 percent (139 units) in Sepang. In Negeri Sembilan, 99 units of ready-built factories are in the pipeline whilst 632 units are under planning, predominantly located in Seremban. In Johor, future supply was recorded at 1,808 units, with 65.3 percent (1,180 units) in Johor Bahru and 7.9 percent (144 units) in Kota Tinggi.

Between January and September 2021, there were 170 units of new completion industrial registered in Greater KL, followed by 10 industrial units in Johor and 6 units in Negeri Sembilan.

FIGURE 27: CUMULATIVE SUPPLY OF READY-BUILT FACTORY IN GREATER KL, NEGERI SEMBILAN & JOHOR



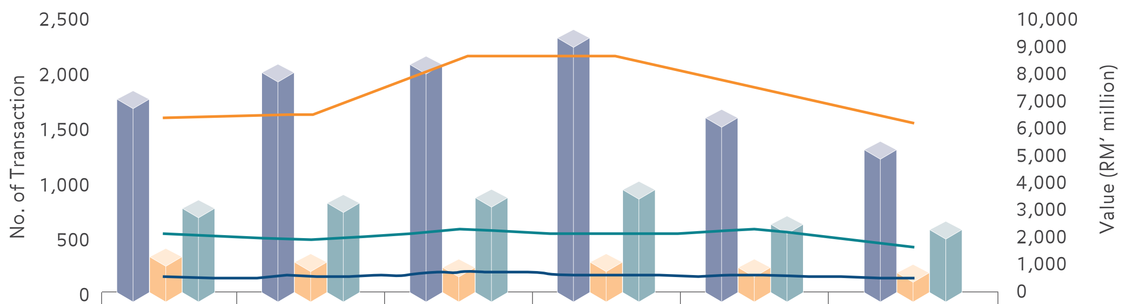
	2016	2017	2018	2019	2020	9M/2021
New Completion (Greater KL)	113	211	335	245	179	170
New Completion (Negeri Sembilan)	181	53	0	0	0	6
New Completion (Johor)	342	442	453	232	109	10
Cumulative Supply	65,032	66,460	67,861	69,036	69,729	70,116

Source: NAPIC, Savills Research

TRANSACTION VOLUME & VALUE

In Greater KL, 11,527 factories changed hands between 2016 and September 2021, with a combined value worth RM43.6 billion. Out of this, Klang accounted for 24.8 percent (2,870 transactions), whereas only 3.8 percent (441 transactions) came from Sepang. During the same period, Negeri Sembilan recorded 1,963 transactions valued at RM3.3 billion, with the bulk (78.8 percent, 1,546 transactions) in Seremban. In contrast, Johor recorded 4,630 transactions valued at RM11.9 billion, with the (50.3 percent, 2,328 transactions) and (1.9 percent, 87 transactions) coming from Johor Bahru and Kota Tinggi, respectively.

FIGURE 28: TRANSACTION VOLUME AND VALUE OF READY BUILT FACTORY IN GREATER KL, NEGERI SEMBILAN AND JOHOR



	2016	2017	2018	2019	2020	9M/2021
Volume - Greater KL	1,806	2,073	2,204	2,362	1,686	1,396
Volume - Negeri Sembilan	386	356	324	350	319	228
Volume - Johor	730	799	866	1,016	640	579
Value - (RM' million) Greater KL	6,291	6,449	8,646	8,655	7,490	6,142
Value - (RM' million) Negeri Sembilan	533	511	712	536	515	455
Value - (RM' million) Johor	2,026	1,895	2,228	2,059	2,168	1,582

Source: NAPIC, Savills Research

MARKET REVIEW AND OUTLOOK

INDUSTRIAL PROPERTY SECTOR

READY-BUILT FACTORY DEVELOPMENT

Malaysia's economic development has led to increased business activities, raising the demand for industrial spaces. Increasing manufacturing investments, fuelled by the optimistic outlook of e-commerce and logistics activities, has spurred demand for industrial spaces, especially ready-built factories. Over the past few years, ready-built factories have grown with strong supply in the market and is expected to gather momentum in the coming years. In recent years, the integrated industrial park has gained popularity where occupiers prefer to locate themselves in a well-equipped industrial park with proper security systems, facilities, and value-added services. It is well observed with more integrated industrial and logistics developments with such facilities in the market.

A few of the notable developments in Greater KL include Hap Seng Business Park, Mapletree Logistics Hub and LYL Logistics Park (Phase 1) in Shah Alam; Galaxy Logistics Hub (Puncak Alam) and AREA Logistics Ampang (Ampang), as well as the upcoming integrated industrial park namely Eco Business Park V in Puncak Alam, by Eco World and The Compass@ Kota Seri Langat by Area Group of Companies, to name a few. Developers and investors see the potential ready-built factories space expansion with more planned developments announced in the supply pipeline, such as LOGOS Shah Alam multi-storey warehouse, ALP Bukit Raja and LYL Logistics Park (Phase 2).

The concept of having a gated-and-guarded system in a privately developed industrial park was first introduced in the early 2010s by AME Development in Iskandar Malaysia. Following this trend, more private developers have ventured into developing industrial parks of a similar concept in Iskandar Malaysia, such as i-Park @ Indahpura, i-Park@SiLC and i-Park@Senai Airport city by Axis AME IP, Eco Business Park I, II and III by Eco World Group and Nusajaya Tech Park by UEM Land. In a recent announcement dated 20 December 2021, it was announced that Tropicana Corp Berhad is embarking on its first 1,188-acre industrial park in Iskandar Malaysia, which will be developed over eight phases with 10-acre of industrial facilities in supporting the overall development and operation of the industrial park.

XME Business Park, a project in Nilai Impian by Sime Darby Property, will be one of the first managed integrated business parks that offer 24-hour security with CCTV surveillance with gated and guarded features in Negeri Sembilan. Upon completion, the project will be developed with 149 units of industrial components, comprising mainly ready-built cluster factories, semi-detached and detached factories. XME Business Park was launched in 2019 and has obtained a good response from the market, with Phase 1 & 2 recorded positive take-up rates.

The global trend of digitalisation and globalisation has benefitted the growth of e-commerce, which is the backbone of the logistics and warehousing sector, beneficially impacting the demand for ready-built factories. With more industrial developers investing in high-grade logistic facilities to lure tenants who demand quality facilities and value-added services such as security, asset management and facilities management, this trend will eventually put pressure on the old conventional factories/ warehouses in terms of occupancy rates rental returns.

BUILT-TO-SUIT DEVELOPMENT

A Built-to-Suit ("BTS") development refers to a specific arrangement between the landlords and tenants. The landlord will develop the facility to the tenant's specifications and requirements of businesses. Upon completion of the building, the tenant will enter a long-term lease and become the sole occupant of the facility and retain full operational control of the said facility.

There are both advantages and disadvantages of BTS developments. On the tenant's front, the BTS arrangement will enable the preservation of capital for the growth of business operations, given that the developer/ landlord will secure the capital expenditure for the project. The design and specification of the facility will be tailored to the tenant's requirement according to their business nature, with due considerations made for existing needs and future growth options. With the involvement of a developer, this will minimise development risks for the tenant.

The downside risks of BTS arrangement include a longer development timeline given the customisation of the design and building specifications, hence may involve long-lead-time materials. Being a new construction, with extended time and financial commitments, this may result in comparatively higher rent. In addition, BTS properties typically involve a long-term lease of 10-year or above, which may be a drawback for some tenants if they are uncertain about their business needs in the long term.

In line with the rise of e-commerce accelerated by the pandemic, the demand for BTS properties in Greater KL (due in part to its proximity to ports and airports) has been increasing, as witnessed by developments such as Axis Mega Distribution Center, Cainiao Aeropolis Distribution Centre and Axis Aerotech Centre, whilst industrial plots targeted at BTS developments have also been allocated within Eco Business Park V (Puncak Alam), Compass@Kota Seri Langat and Elmina Business Park (Kota Elmina).

On a larger scale involving international industrial specialists, *Sime Darby Property has formed a JV partnership with LOGOS Property* to establish a fund management platform to develop its 177-acre Bandar Bukit Raja industrial land for 'build-to-suit to lease or sell' developments targeted primarily at clients in the logistics sector. This strategic partnership is the first of its kind in Malaysia.

In Iskandar Malaysia, notable BTS developments include Mercedes-Benz regional logistics hub, Wiwynn Corporation's development in Senai Aiport City, GDS Holdings Limited's development in Nusajaya Tech Park as Bridge Data Center in Kulai Iskandar Data Exchange ("KIDEX"), Sedenak. Due to its proximity to Singapore, Iskandar Malaysia is better positioned with BTS investment opportunities. The locality is expected to see strong growth with the emergence of smart manufacturing facilities/logistics warehouses in the near future.

With the changing industrial landscape and accelerated digitalisation due to the pandemic, the built-to-suit model will be favourable among enterprises in the smart manufacturing (Industry 4.0) and logistics/ warehousing sectors, which will eventually enhance innovative product offerings from developers specialising in integrated industrial and logistics development solutions.

MARKET REVIEW AND OUTLOOK

LOGISTICS SUBSECTOR

As of Q4/2021, there were about 48 million sq. ft. of warehousing/ logistics space in Greater KL, which were mainly concentrated in Klang and Shah Alam district (about 37 million sq. ft. or 75.0 percent of market share) due to its strategic location and proximity to Port Klang and KLIA. The remaining warehouse/logistics hubs were located in prominent suburbs such as Petaling Jaya, Subang Jaya and Puchong Jaya, including the northern and southern part of Greater KL.

In terms of ownership, warehouses /logistics centres in the district of Klang and Shah Alam were owned mainly by logistics players and Real Estate Investment Trusts ("REITs"), including developers. Most of the warehouse/logistics supply owned by developers were predominantly leased to logistics players primarily engaged in Third-Party Logistics ("3PL") services and courier, express parcel ("CEP"). Current gross asking rents amongst existing industrial properties in Shah Alam ranged from RM1.80 to RM2.00 per sq. ft. per month, while Klang recorded a slightly lower asking rent between RM1.50 per sq. ft. to RM1.80 per sq. ft. per month.

In Iskandar Malaysia, there were approximately 2 million sq. ft. of industrial space in choice areas such as Pasir Gudang, Tanjung Pelepas, SiLC, Iskandar Puteri, and Senai Industrial Area; and most of these warehouse/logistics hubs are owned by logistics players and REITs. As of Q4/2021, the average gross asking rentals in Pasir Gudang ranged from RM1.00 per sq. ft. to RM1.50 per sq. ft. per month, while Senai IPark @ Senai City ranged from RM1.40 per sq. ft. to RM1.80 per sq. ft. per month. On the other hand, Tanjung Pelepas Port commanded a higher monthly asking rental ranging from RM1.50 per sq. ft. to RM2.00 per sq. ft. per month.

Iskandar Malaysia enjoys positive spillovers from Singapore, supported mainly by its relatively cost-effective land price, readily available resources and talent pool. Besides, the strategic location of Iskandar Malaysia, which is located close to both airports and seaports, have attracted several major logistics players in setting up their facilities/regional warehouse in Iskandar Malaysia.

Our surveys indicated that Negeri Sembilan has about 2 million sq. ft. of warehousing/logistics space, primarily concentrated in the Nilai and Seremban. Nilai's industrial estates are characterised by aged developments such as Arab Malaysian Industrial Park, Nilai 3, Nilai 7 Industrial Park and Kawasan Perindustrian Nilai. The average asking rental rates for warehouses in Nilai ranged from RM1.00 per sq. ft. to RM1.20 per sq. ft. per month as recorded in Q4/2021.

Since the onset of the pandemic in 2020, the thriving e-commerce sector has contributed immensely to the growth in the logistics industry, with e-commerce players and last-mile logistics service providers looking at business and space expansion, especially in strategic localities within proximity to ports/airports.

MARKET OUTLOOK

The industrial sector displayed resilience throughout the pandemic, boosted by e-commerce and consequently the logistics/warehousing industry as more enterprises digitalised their operations to serve the rising demand for goods and last-mile logistics services. Similarly, demand for higher specification warehouses is likely to stay healthy with more significant capital injection, with rents expected to increase in line with these growing logistics business trends.

The Central Region, i.e. Greater KL and its adjacent districts and states, will continue to be the most sought-after location for logistics and warehouse facilities development owing to its extensive existing connectivity, followed closely by the expansion of logistics players into the Southern and Northern Region of Peninsular Malaysia. Greater geographical diversification of logistics players will help expand and strengthen their customers' operations, eventually driving up demand for warehouses in these areas.

Going forward, the industrial property subsector in the country will be supported by the following premises:

- With the e-commerce sector being the current primary driver in the industrial sector, the demand for ready-built warehouses continues to trend upward. Also, the logistics industry has expanded by 6.8 percent, contributing RM53.7 billion to Malaysia's GDP in 2020. In contrast, the nation's international trade experienced tremendous growth throughout the last 10 years, at a CAGR of 4.3 percent p.a., from RM1.17 trillion (2010) to RM1.60 trillion (Q3 2021), whilst maintaining a positive trade balance, i.e., exporting more goods than imports.

- Prior to 2021, Greater KL saw a 14.7 percent y-o-y increase in approved total capital investments from RM17.21 billion in 2019 to RM19.73 billion in 2020. Although there is a drop from 234 manufacturing projects worth RM8.52 billion in 9M/2020 to 197 manufacturing projects worth RM6.21 billion in 9M/2021, the reopening of the country's economy and international borders is expected to spur external demand for industrial goods and its related services, as economic activities at large are anticipated to revert to a new normal underpinned by accelerated adoption of Industry 4.0 ("4IR").

- Increasing demand for high-grade logistics warehouses will contribute to more developments of smart and integrated industrial parks, as evidenced in *Elmina Business Park* by Sime Darby Property, Eco Business Park V Puncak Alam by Eco World, Compass at Kota Seri Langat by Area Management and the 'build-to-suit to lease or sell' industrial & logistic development in Bandar Bukit Raja.

- Demand for BTS properties is expected to rise moving forward – fueled by e-commerce, renewed sophistication requirements for automation for the eventual 4IR, and the robust growth in emerging subsectors such as warehousing (including data centres) and logistics services to complement/outbid legacy industrial activities and space. Note that BTS arrangements offer greater flexibility in customisable space-use and development specifications and more significant resource planning and capital outlay efficiency.

MARKET REVIEW AND OUTLOOK

KEY REGULATORY DEVELOPMENTS IN 2021

Tabulated below are notable initiatives by the Government to support the property market and the nation's economy.

Initiatives/Regulations	Description
Housing Credit Guarantee Scheme	An allocation of RM2 billion for the Housing Credit Guarantee Scheme ("HCGC") was announced under Budget 2022 to encourage homeownership. This HCGC is most suitable for freelancers, small business owners, and even farmers with a minimum monthly income of RM1,000.
Exemption of RPGT for residential properties	RPGT will not be imposed on property disposals by individual owners starting from the 6th year, i.e. RPGT rate for property disposals in the 6th and subsequent years after acquisition will be reduced from 5.0 percent and 10 percent (for foreigners) to 0 percent, effective from 1 January 2022.
PERMAI	The Malaysian Economic and Rakyat's Protection Assistance Package ("PERMAI"), a stimulus package valued at RM15 billion, aims to provide vital support to businesses through various incentives and strengthen the country's welfare programmes.
PEMERKASA	The Strategic Programme to Empower the People and the Economic ("PEMERKASA") stimulus package was valued at RM20 billion, of which RM11 billion constituted a direct fiscal injection. It comprises 20 strategic initiatives aiming to boost economic growth, support businesses, and provide targeted assistance to the people and sectors affected by the pandemic and/or the MCO.
PEMERKASA Plus	The RM40 billion PEMERKASA Plus economic stimulus package addresses the three areas of concern – healthcare capacity, people's welfare and business continuity. For businesses, in particular, greater support has been provided in terms of access to grants, microcredit loans, special tax exemptions, reductions, and utility discounts.
PEMULIH	The National People's Well-Being and Economic Recovery Package ("PEMULIH") is a RM150 billion aid package to help the people and businesses. This economic package aims to directly benefit people and companies that the lockdown has seriously impacted.
Special incentives for manufacturing sectors under PENJANA	• Zero percent tax rate for 10 years for new companies in manufacturing sectors with capital investment between RM300 – 500 million from 1 July 2020 until 31 December 2022. • Zero percent tax rate for 15 years for new companies in manufacturing sectors with a capital investment of more than RM500 million from 1 July 2020 until 31 December 2022. • 100 percent Investment Tax Allowance for existing companies in Malaysia relocating their facilities into Malaysia from 1 July 2020 until 31 December 2022. • The approval of manufacturing license for non-sensitive industry within 2 working days. • Special Reinvestment Allowance for selected manufacturing and agricultural activities from the year of assessment ("YA") 2020 to YA 2022.
Other Property-related incentives announced in Budget 2021 and 2022	• First-time homebuyers are eligible for full stamp duty exemption on transfer instruments and loan agreements until 31 December 2025. The stamp duty limit for the first residential home has increased from RM300,000 to RM500,000. The exemption is effective for the sales and purchase agreement executed from 1 January 2021 to 31 December 2025, announced under Budget 2021. • Stamp duty is exempted for rescuing contractors and original purchasers of abandoned projects certified by the Ministry of Housing and Local Government on instruments of transfer and loan agreements. The exemption is effective from 1 January 2021 to 31 December 2025, announced under Budget 2021. • The Government will continue housing projects specifically for low-income groups, with an allocation of RM1.5 billion. • Personal accident protection of up to RM100,000 for 40,000 new Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") borrowers. • The extension of tax relief for building/commercial unit owners who provide rental discounts of at least 30 percent from the original rate until 31 June 2022. • Tax deduction of up to RM300,000 for improving workplace seating or air circulation until 31 December 2023. • Tax deduction of up to RM50,000 for companies registered under Safe@Work on the rental expenses of employees' accommodation. • RM2 billion allocations for a special strategic investment fund to attract Foreign Direct Investments and Multi-National Companies.

MARKET REVIEW AND OUTLOOK

LONDON: PROPERTY MARKET OUTLOOK

Economic Overview

According to the United Kingdom's Office for National Statistics UK, the country's GDP continued to increase by 1.3 percent q-o-q in Q3/2021 (5.5 percent : Q2/2021). Quarterly GDP for Q4/2021 will either reach or surpass its pre-pandemic level (Q4/2019), provided that the monthly December 2021 estimate does not fall by more than 0.2 percent.

The Consumer Prices Index, including owner occupiers' housing costs ("CPIH"), rose by 4.6 percent y-o-y in November 2021, up from 3.8 percent y-o-y in October. The largest upward contributions to the November 2021 CPIH 12-month inflation rate came from transport, principally from motor fuels and second-hand cars and housing and household services. On a monthly basis, CPIH increased by 0.6 percent in November 2021.

The Bank of England increased the base rate for the first time in three years in December 2021 from 0.1 percent to 0.25 percent, followed by a subsequent hike to 0.50 percent in February 2022 as it attempted to tackle surging inflation.

Property Market Overview

According to Land Registry figures, the average price of a house in London stands at £673,783 compared to £336,965 in Great Britain (as of September 2021). Q2/2021 and Q3/2021 saw prices growing by an average of 1.7 percent and 0.7 percent, resulting in substantial annual growth of 4.1 percent. The London mainstream market has become increasingly confined to more affluent households, restricting its growth potential. In contrast, the pool of buyers looking to purchase property in the prime market is expected to rise as international travel restrictions ease. This will fuel house price growth in the prime London market with a 5-year compound growth of 23.9 percent between 2022 and 2026.

As of Q4/2021, West End Average Prime Office rent in Central London stood at £119.90 per sq. ft., up 7.0 percent from 2020, whereas Grade A rent stood at £82.33 per sq. ft. The average Prime rent in the City was £81.33 per sq. ft., largely consistent with where it stood at the end of 2020. Average City Grade A stood at £64.85 per sq. ft., increasing by 1.5 percent from 2020. Although take-up is still down 12.0 percent on the long-term average, the Technology & Media sector has continued to be a key driver of leasing activity and has accounted for 22.0 percent of take-up. Strong demand was also observed from the Insurance & Financial Services sector, accounting for 1.74 million sq. ft. (19.0 percent) of the overall space acquired.

Although the decline in Central London Prime Zone A retail rents accelerated in Q4/2021 to -20.0 percent year-on-year, investment volumes reached £1.14 billion in 2021, up 38.3 percent compared to the particularly low levels recorded in 2020. Retail investment volumes are up, as are footfall and active requirements, coupled with a decrease in the vacancy rate. As the trading environment continued to recover, supported by a return in international tourism, we could see investor confidence and appetite broaden beyond the trophy assets and streets of Central London.

GLOBAL MEGATRENDS AND GROWTH OPPORTUNITIES FOR THE GROUP

ECONOMIC POWER SHIFT – INDUSTRIAL AS THE NEXT LEG OF GROWTH

Investments in the global capital markets rebounded strongly in tandem with the recovery of the global economy in 2021. During the year, investment activity rose by 54.0 percent to a record US$1.3 trillion, driven mainly by mature and diversified markets[1].

Despite economic uncertainties due to the emergence of new COVID-19 variants, cross-border capital flows into the real estate sector remained resilient. Asia Pacific, in particular, registered record high volumes of investments, driven by unprecedented investor interest.

The region's attraction as an investment destination was attributable to relative success in containing the outbreak of the pandemic, as well as its sound economic fundamentals. The region is expected to continue leading global growth in the coming years.

IMPACT

Within the real estate sector, the industrial and logistics segment staged the strongest performance, with investments surging to record levels not only in Asia Pacific, but also in North America and Europe. Throughout the pandemic, the industrial and logistics sector appeared to have emerged as the strongest in most Asian countries due to the rapid growth of e-commerce in the region.

Most industry players see the rise in demand for logistics assets as a structural, long-term shift, rather than a cyclical, short-term trend[2]. This is driven by the tight supply of quality Grade-A industrial and logistics assets amid rising demand.

OUR RESPONSE

- Established Malaysia's first Industrial Development Fund, with an initial fund size of US$200 million over a tenure of seven years.
- Introduced two new industrial townships – Hamilton Nilai City in MVV 2.0 in Negeri Sembilan and the Pagoh Special Economic Zone ("PSEZ") in Johor.

RAPID URBANISATION

The global population is increasingly gravitating towards urban areas, where businesses and employment opportunities are more diverse and abundant. It is estimated that around 1.5 million people will move into cities every week until 2030.

Today, more than half of the world's population live in cities. This share is expected to grow to 68.0 percent, or almost 7 billion people, by 2050[3].

In Malaysia, concentrated economic development within cities and towns is a key factor contributing towards 74.5 percent of the country's population living in urban areas today. It is also approximated that 90.0 percent of Malaysia's population will live in cities by 2050[4] as urbanisation continues to expand to other parts of the country.

IMPACT

Rapid urbanisation brings with it challenges such as traffic congestion, pollution and overcrowding, among others. Therefore, new trends such as satellite cities and suburban townships will be increasingly sought-after locations for living and working.

In this context, there is a growing preference among Malaysians for suburban micro cities that are supported by a seamless transportation system. Being close to large cities, as well as satellite cities can be more than just residential suburbs. With good connectivity and urban infrastructure services, satellite cities can also become niche market locations, benefitting from a pool of specialised services in large cities such as financiers, lawyers, and insurers[5].

OUR RESPONSE

- Leveraged on existing presence beyond the Greater Klang Valley, including in Negeri Sembilan and Johor.
- Developed properties that offer transit-oriented features or adjacent to transportation facilities.
- Implemented the Divergent Dwelling Design ("D3") sustainable homes concept in our products to address affordability issues in the housing industry.

[1] *https://www.us.jll.com/en/trends-and-insights/research/global/gmp*
[2] *https://www.pwc.com/gx/en/industries/financial-services/asset-management/assets/pwc-uli-global-report-2021.pdf*
[3] *https://www3.weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf*
[4] *https://www.theedgemarkets.com/article/90-malaysians-projected-be-living-cities-2050*
[5] *https://development.asia/policy-brief/balanced-development-secondary-cities-key-overcoming-urban-challenges*

GLOBAL MEGATRENDS AND GROWTH OPPORTUNITIES FOR THE GROUP

CHANGING DEMOGRAPHICS

An ageing population is a phenomenon faced by many countries amid declining fertility rates and increasing life expectancies.

Globally, the number of people aged 65 years and above is estimated to double to 1.5 billion in 2050 from around 703 million in 2019[6]. Life expectancy is also projected to increase, with a 65-year-old person expected to live, on average, an additional 19 years by 2045 to 2050[6]. In Malaysia, the percentage of population aged 65 years or above is expected to increase to 10.0 percent, or 3.62 million people, in 2030 from 6.9 percent, or 2.21 million people, in 2019[6].

Meanwhile, Millennials and the Generation Z ("Gen Z") are rapidly replacing Baby Boomers in the workforce, and they are growing into the largest group of consumers. These generations are tech-savvy and have different lifestyle preferences than the older generations. In addition, they are more environmentally conscious and favour sustainability-oriented lifestyles.

IMPACT

The wide preference gap between different generations has resulted in a shift in product offerings within the real estate sector. To cater to the lifestyle needs of different generations, companies are also compelled to explore various business models to remain relevant and competitive in the fast-changing environment.

For instance, with Millennials and Gen Z now preferring to live with their parents longer, multi-generational homes are introduced; and to serve the needs of the ageing population, new features are incorporated into new developments to improve quality of life and enhance productivity.

OUR RESPONSE

- Embedded new features into our products such as multi-generational living designs and assisted living facilities, as well as introduced contemporary and unique concepts in our townships, such as Malaysia's first Inclusive Playground at the City of Elmina.
- Embarked on a transformation process for our Leisure segment through digitalisation efforts which include introducing the e-Leisure app, incorporating lifestyle features into our facilities such as enhanced F&B offerings and introducing a wider selection of membership plans to attract a broader range of customers.

[6] *https://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2019-Highlights.pdf*

GLOBAL MEGATRENDS AND GROWTH OPPORTUNITIES FOR THE GROUP

DIGITALISATION, TECHNOLOGY & INNOVATION

The COVID-19 pandemic has accelerated digital transformation by several years, as businesses were forced to digitise their operations quickly in order to keep their businesses running smoothly amid the lockdowns, while safeguarding the safety and health of employees and clients. Similarly for the property sector, intelligent new technologies have gained ground, as companies seek to expand their capabilities and increase efficiency to adapt to the challenging market environment.

Going forward, the future of the property sector will continue to be driven by technology, with access to innovative and advanced solutions being the key differentiator between brands.

IMPACT

Increasingly, smart systems utilising artificial intelligence, machine learning, blockchain, as well as green technologies such as solar energy are being integrated into building design. The global smart home market alone is projected to reach almost US$176 billion by 2025[7].

The property sector has, in recent years, seen the emergence of other new technologies that will have a profound impact on the property sector. Among these are robotics and 3D printing solutions that promote engineering and design optimisation, as well as augmented reality or metaverse solutions that enable better customer experience.

Apart from that, material technology is available to improve the overall performance of products; manufacturing and modular construction processes to enhance productivity and reduce cost; and the Internet of Things and digitisation for different stages of construction to improve operational performance and facilitate value creation.

Collaborative digital platforms are also prevalent to strengthen operational capabilities and organisational performance.

OUR RESPONSE

- Organised the Concept Home 2030 competition through a collaboration with the Malaysian Institute of Architects ("PAM") to provide a platform for industry experts and the public to reimagine future homes.
- Migrated core business applications and servers to Microsoft Azure.
- Introduced new solutions to provide end-to-end seamless digital journey for homebuyers via our corporate website.
- Rolled out digital-based initiatives for the Leisure segment such as the e-Leisure app for club members at KLGCC.
- Deployed the Procore project management collaboration tool for construction project management to drive productivity and add value to our business.
- Utilised the in-house built Virtual Sales Gallery and Online Booking, Payment and Balloting System.

INCREASED AWARENESS AND INTEREST IN ESG MATTERS

Interest in sustainable investing opportunities has grown significantly in tandem with the rise of ESG trends.

This is the result of the coordinated push by global policymakers and development institutions, such as the World Bank and the International Monetary Fund, for a stronger emphasis on sustainability. In addition, pressure is coming from the financial markets, particularly from prominent fund manager BlackRock, as well as financial regulators such as the Federal Reserve System of the United States of America, for major companies to comply with ESG standards and promote sustainable development[8].

The increasing shift towards sustainability will fundamentally change the way Governments and companies think about competitiveness and investment attraction.

IMPACT

Companies with high ESG scores or ratings will continue to attract investor interest and capital. As sustainability also signifies resilience, these companies tend to outperform those with lower sustainability scores[9]. Conversely, companies that choose to ignore sustainability or ESG considerations risk being deprived of both equity and debt financing to finance their projects, and therefore, could face the threat of financial difficulties[10].

As a sign of commitment towards sustainability, many companies have started devoting resources into understanding, measuring and managing the material issues surrounding ESG for future growth.

OUR RESPONSE

- Accelerated plans to achieve net zero carbon emissions and to be an industry leader in sustainability, as well as safety and health.
- Continued to focus on the Operational Eco-Efficiency Programme to reduce carbon, water and waste footprints through recycling and tree planting activities.
- Enhanced biodiversity levels in our townships through various initiatives, including launching the Elmina Central Park, Elmina Rainforest Knowledge Centre and Elmina Living Collection Nursery.
- Increased the usage of solar photovoltaic panels in our developments via a collaboration with TNBX Sdn. Bhd., a subsidiary of Tenaga Nasional Berhad to promote renewable energy.
- Implemented a structured system to plan and monitor sustainability elements into products, infrastructure and parks. known as our 'Minimum Sustainability Elements Guideline and Checklists'.
- Sustainability KPI included within Corporate Scorecard with 10 percent weightage.
- Continued structured engagement with vendors within our supply chain (awareness seminar and ESG practices vendor survey)

[7] *https://www.statista.com/forecasts/887554/revenue-in-the-smart-home-market-worldwide*
[8] *https://blogs.worldbank.org/psd/global-investors-shift-focus-sustainability-amid-push-green-recovery*
[9] *https://factsetpdf.maybank-ke.com/PDF/196788_MACRO__8da7362f6d774990bc482e2f136aa68e.pdf?*
[10] *https://www.theedgemarkets.com/article/bursa-chairman-companies-ignore-esg-will-be-deprived-equity-debt-financing*

STAKEHOLDER ENGAGEMENT

INVESTORS & ANALYSTS

VALUE FOR THEM
Attractive short and long-term return on investment driven by sound corporate governance and risk management, a robust growth strategy plan, and transparent disclosures on financial and non-financial performance.

VALUE FOR SIME DARBY PROPERTY
A reliable investment rating and sustained capital inflow to finance our business activities.

ENGAGEMENT PURPOSE
- To keep the investors and analysts updated on the following and thereafter, make informed investment decisions:
  - The latest financial and operational performance.
  - Updated business developments/strategies/directions.
  - Responses to key issues that took place/announced in the market or macro environment that may impact the Group's operations. Such responses including the anticipated impact in short and longer terms, as well as the Group's reaction/strategies to manage the issues.
- Quality of engagement is strong as we respond to investors and analysts within a short period of time to keep them updated of any developments.

VALUE PROPOSITION/VALUE WE CREATE
- Enable stakeholders to make informed investment decisions based on information/updates provided.
- Timely information provided allows stakeholders to continue to see the positive intrinsic value of the Group for long-term investment.
- Equal opportunity is provided to minority shareholders to seek for the same responses/clarifications from the Group.

ENGAGEMENT PLATFORMS
- Strategic and effective engagements with the investment community via face-to-face and/or virtual communication.
- The Group participates in investor roadshows/ conferences and conducts quarterly investor briefings, which allow the investors and analysts to have direct access to the Executive Leaders for the Group's latest development updates.
- Other communication channels include the following:
  - Annual General Meetings.
  - Investor relations corporate website.
  - Quarterly results and corporate exercise announcements made to Bursa Malaysia.
  - One-on-one meetings.
  - Email/phone communications.
  - Site visits.

KEY CONCERNS RAISED
- Sustainable performance on a quarterly basis.
- Disciplined growth strategy with clear emphasis on long-term shareholders' returns.
- Short-term prospects of the property sector.

RESPONSES
- Organise quarterly briefings for financial and operational results announcement, as well as updates on key developments and strategies.
- Communicate clear strategic direction, goals & outcomes, broad risk exposures, as well as performance targets of the Group via:
  - One-on-one/group meetings .
  - Investor conference calls.
  - Informative, accurate, timely and transparent quarterly results announcements and annual reports.
- Allow direct access to the Board members and Executive Leaders at Annual General Meetings.
- Provide prompt responses to investors and analysts' queries.

ENGAGEMENT FREQUENCY
- Investor conferences (yearly).
- Annual General Meeting and annual report (yearly).
- Investor briefings (quarterly).
- One-on-one meetings (monthly and on request basis).
- Email or phone communication on request basis.
- Investor Relations webpage (daily)
- Site visits on request basis.

RISK & OPPORTUNITIES
Inaccurate financial analysis and forecast reported by analysts will cause less favourable rating to our stock and share price performance. Transparent and timely disclosures provide investors with opportunities to make informed and sound investment decision.

OUR RESPONSE
- Conducted virtual or physical meetings and engagement sessions to reach local and foreign-based investors.
- Maintained relationship with investors and analysts through various channels.

STAKEHOLDER ENGAGEMENT

MEDIA

VALUE FOR THEM
Timely information and insights on our business and the industry.

VALUE FOR SIME DARBY PROPERTY
Accurate news coverage and communication to other stakeholders on a variety of topics related to our business and developments.

ENGAGEMENT PURPOSE
- To build rapport and ensure the Group's key messages and business developments are shared accurately in a timely manner with the public.
- To create a symbiotic relationship between the Group and media.
- To manage and strengthen the Group's reputation and credibility.

VALUE PROPOSITION/VALUE WE CREATE
- Group-wide projects/campaigns or crisis concerns are addressed accurately to the public.
- Transparency in our financial and non-financial reporting.
- Becoming a key voice in matters pertaining to the property and real estate industry.
- Enhance brand equity and image to become a trustworthy lifestyle and master developer in Malaysia.

ENGAGEMENT PLATFORMS
- Frequent media engagements via the following channels, but not limited to
  - Press releases & statements.
  - Networking sessions.
  - Media briefings.
  - Media tours to townships/project sites
  - Participation in feature/news articles on industry affairs.
- Campaign tie-ups and advertising.

KEY CONCERNS RAISED
- Timely, fair, balanced, accurate and transparent update on performance, developments and financials.
- Insights on the market and industry.
- Updates on business strategies.
- Timely responses to issues highlighted in the media.

RESPONSES
- Engage with the Executive Leadership team for financial and non-financial updates to the media.
- Share regular Group updates which include launches, sales campaigns and key appointments.
- Share business strategies, market insights and outlook.
- Transparent and prompt in our information sharing through fact sheets, press releases, etc.
- FAQs, statements, press conferences and media briefings.

ENGAGEMENT FREQUENCY
- Annual General Meeting and annual report (yearly).
- Media briefings (quarterly).
- Networking sessions (quarterly).
- Press releases (monthly).
- Advertorials (as and when required).

RISK & OPPORTUNITIES
Our progress and achievements could be derailed by negative, inaccurate, or insufficient media coverage. However, an enhanced brand value will be achieved through a healthy relationship with the media.

OUR RESPONSE
- Released timely information to the media as and when required.
- Provided members of the media access to key Executive Leaders for interviews.

STAKEHOLDER ENGAGEMENT

DEBT PROVIDERS

VALUE FOR THEM
Steady returns anchored by reliable debt and interest payments, sound governance and risk management, and compliance with the terms of borrowing.

VALUE FOR SIME DARBY PROPERTY
Source of credit to finance our operations and business activities.

ENGAGEMENT PURPOSE
- To update debt providers on the Group's financial and operational performance.
- To communicate on the progress of eligible projects under Sustainability SRI Sukuk.

VALUE PROPOSITION/VALUE WE CREATE
- Access to Sukuk funding on projects which have positive impacts to the environment and communities that we operate in.
- Assurance that sustainability projects are aligned to the framework.

ENGAGEMENT PLATFORMS
- Active engagement with bankers, end financiers, valuers, rating agency.
- Networking sessions.
- Site visits.
- Quarterly impact report.
- Email communications.

KEY CONCERNS RAISED
- Ability to service debt and interest payments.
- Adherence to covenants.
- Good governance and risk management framework.

RESPONSES
- Transparent disclosure of operational updates on sustainability projects.

ENGAGEMENT FREQUENCY
- Annual General Meeting and annual report (yearly).
- Meetings (quarterly).
- Site visits (quarterly).
- Events hosted by lenders (quarterly).
- Email communication (monthly).
- Website updates (as and when required).

RISK & OPPORTUNITIES
The commitment and trust of debt providers impact the delivery of eligible projects and the Sime Darby Property 2030 Sustainability Goals. By embracing current technology and alternative solutions in sustainability and climate change, we can provide assurance that our projects are aligned with our sustainability framework and are therefore ESG-friendly.

OUR RESPONSE
- Issued updates and timely disclosures in corporate reports and other communication materials.
- Maintained regular engagement with debt providers to keep them informed of the latest developments.
- Launched the Sukuk Musharakah programme.

STAKEHOLDER ENGAGEMENT

EXISTING & POTENTIAL CUSTOMERS

VALUE FOR THEM
Safe and sustainable products that meet the changing needs of the market, accessible via an enjoyable customer journey and service experience.

VALUE FOR SIME DARBY PROPERTY
Continuous demand and support for our projects and recognition as a reliable developer, as well as cooperation to create sustainable communities.

ENGAGEMENT PURPOSE
- Understanding the community needs and communicating the Group's sustainability focus.

VALUE PROPOSITION/VALUE WE CREATE
- Provide a sustainable and safe environment for the community to live and thrive in.

ENGAGEMENT PLATFORMS
- Engagement via sales personnel.
- PRIME members events.
- Newsletter (piloting).
- Engagement across multiple platforms including call centre, Electronic Direct Mail ("EDM"), and social media.
- Organise community events that promote sustainability such as tree planting, urban farming and community recycling efforts.

KEY CONCERNS RAISED
- A trusted and responsible property developer that provides regular engagement opportunities for both individuals and communities.
- Improved healthy lifestyles through community-engaging facilities and placemaking.
- Ongoing community programmes such as recycling efforts and urban farming.
- Eco-efficient homes and safe amenities.

RESPONSES
- Appoint dedicated personnel for each township and development in the aspects of community engagement and township upkeeping.
- Organise long-term sustainable lifestyle programmes for the community such as community recycling efforts and urban farming.

ENGAGEMENT FREQUENCY
- Project launches, as well as sales and marketing drives (monthly).
- Meetings with joint management bodies (monthly).
- Organised community activities in respective townships (monthly).
- Website and social media channels (daily).

RISK & OPPORTUNITIES
Failure to keep up with the changing expectations of the market and evolving demographics put businesses at risk of becoming irrelevant. Catering to current and future trends help to maintain market share and leadership, and the design of townships and facilities can influence communities to adopt a sustainable lifestyle. Digital engagement presents an opportunity to reach customers especially in the new normal.

OUR RESPONSE
- Implemented various online sales campaigns and explored the use of virtual technology to ease property viewings.
- Engaged communities in recycling, urban farming and biodiversity programmes.
- Launched multi-generational homes and smart green homes to cater to the next generation of customer demands.

SUPPLIERS/CONTRACTORS/STRATEGIC PARTNERS

VALUE FOR THEM
Business continuity and competitive terms of contract supported by safe work standards, as well as a fair and transparent procurement process.

VALUE FOR SIME DARBY PROPERTY
Fulfilment of contractual obligations and delivery of project targets while meeting safe and sustainable criteria.

ENGAGEMENT PURPOSE
- Constant engagement with stakeholders to keep up with the latest updates in the construction industry.
- To communicate the Group's strategy in addressing sustainable development (eco-efficiency programmes) throughout the value chain.

VALUE PROPOSITION/VALUE WE CREATE
- Business continuity and healthy competition among stakeholders.
- Disruption in supply chain ecosystem.
- Provide clear strategy down the value chain in ways to address sustainable development and its outcomes.

ENGAGEMENT PLATFORMS
- Engagement sessions.
- Site visits.
- Virtual meetings.
- Regular networking sessions.
- Eco-efficiency briefings.
- Data collection process, tracking and auditing.

KEY CONCERNS RAISED
- More two-way communication and transparent processes.
- Faster decision making to enhance efficiencies.
- Fulfil the Group's requirements during the length of projects/contracts.
- Recognition of contribution to sustainability targets such as eco-efficiency, reduction of waste, water and carbon emissions.

RESPONSES
- Townhall, workshops with industry experts, knowledge sharing sessions and on-site learning activities.
- Performance assessment to keep competitiveness in the future.
- Adopt best practices in tackling sustainable development.

ENGAGEMENT FREQUENCY
- Eco-efficiency briefings (yearly).
- Procurement and appointment process (yearly).
- Auditing process (yearly).
- Relationship-building and networking sessions (yearly).
- Data collection process (monthly).
- Meetings (monthly).

RISK & OPPORTUNITIES
Dependency on preferred vendors may lead to supply disruptions in unexpected events. ESG issues in the supply chain could result in non-compliance and affect our progress on Sime Darby Property 2030 Sustainability Goals. Synergetic partnerships are an opportunity to facilitate innovation and the adoption of advanced construction methods or technology. Furthermore, the risk of not receiving the latest vendor information in the Vendor Management System will lead to inappropriate vendor selections/appointments. However, cooperation on pricing promotes enhanced cost optimisation.

OUR RESPONSE
- Organised design workshops to optimise cost and efficiency.
- Engaged vendors on eco-efficiency programmes and improved data collection.
- Updated the Vendor Code of Business Conduct to outline human rights standards in the supply chain.

STAKEHOLDER ENGAGEMENT

EMPLOYEES

VALUE FOR THEM
Competitive remuneration and professional development opportunities in an inclusive work environment that offers work-life balance and equal opportunities.

VALUE FOR SIME DARBY PROPERTY
Pipeline of talent to drive a high-performance and engaged work culture that can deliver our aspirations.

ENGAGEMENT PURPOSE
- To update on business strategies and operational performance.
- To provide clear communication through various channels.
- To establish clear career opportunities and development within the Group.
- To give meaningful Human Resources service delivery.
- To raise awareness on the Group's sustainability targets and efforts through daily operations.

VALUE PROPOSITION/VALUE WE CREATE
- Safe and conducive working environment.
- Knowledge and skills enhancement.
- Effective talent and welfare management.
- Opportunity to make valuable contributions in addressing climate change via operational eco-efficiency programmes and adoption of positive habits.

ENGAGEMENT PLATFORMS
- Internal meetings, email announcements and newsletters.
- Annual individual performance review.
- Personal and professional development programmes.
- Focus group discussions.
- Townhalls.
- Employee engagement surveys.
- Volunteering opportunities.
- Internal digital platform and corporate collaterals.
- Inter-departmental collaboration on specific projects and initiatives.
- HR Business Partner engagements.
- Site assessments and collaborative township programmes.
- Jalinan Nurani digital platform.
- COVID-19 and flood disaster relief funds.
- Periodic releases of e-newsletters, briefings, seminars, SUSDEX, as well as Carbon Footprint and Water & Waste reduction programmes.

KEY CONCERNS RAISED
- Creating work-life balance.
- Enhancing employees' well-being and wellness.
- Fair and competitive career promotion opportunities.
- Understanding how sustainability relates to their functions and how they can apply sustainability to add value.
- To be recognised for their continuous contributions and sustainability target achievements.

RESPONSES
- Updated employees regularly using internal channels such as email announcements and newsletters.
- Provided training programmes and project assignments that align with business goals to allow skills enhancement.
- Assisted employees affected by the pandemic with monetary relief.
- Assisted employees who were affected by the December 2021 floods with monetary relief.
- Provided information about sustainability with employees using internal channels.
- Organised knowledge sharing sessions on topics related to sustainability.
- Maintained engagement level with employees via digital channels during the Work From Home period.
- Conducted online training and knowledge sharing sessions for employees.
- Continued to enhance the Jalinan Nurani digital platform to assist employees and their family members with mental and physical health concerns.

ENGAGEMENT FREQUENCY
- Townhalls (periodically).
- Employee engagement surveys (yearly).
- Internal newsletters (quarterly).
- Individual performance reviews (yearly).
- Learning and development programmes (monthly).
- Focus group discussions (monthly).
- Internal email announcements (daily).
- Intra- and interdepartmental meetings (weekly).
- Virtual chat sessions with Executive Leadership (monthly).

RISK & OPPORTUNITIES
Work culture and talent development affect our internal capabilities, as well as our drive for excellence. Employees can drive our corporate and sustainability agenda forward given the right enabling tools and skillsets, on top of delivering superior performance in their daily responsibilities.

OUR RESPONSE
- Maintained engagement level with employees via digital channels when working from home.
- Conducted online training and knowledge sharing sessions to boost continuous learning.
- Introduce better internal communications platforms to enhance engagement across the Group.
- Provided support to employees via monetary relief funds.

REGULATORS & INDUSTRY AFFILIATIONS

VALUE FOR THEM
Compliance with rules and regulations, as well as contributions to industry developments.

VALUE FOR SIME DARBY PROPERTY
Guidance on rules, regulations and support from industry peers and the authorities.

ENGAGEMENT PURPOSE
- Active engagement with relevant regulators and authorities.
- Proactive participation in industry forums, advisory groups, standard-setting bodies and Government consultation initiatives.
- To ensure the latest regulatory clause and compliance are up to date.

VALUE PROPOSITION/VALUE WE CREATE
- Constant assurance on the compliance of the latest regulatory and best practices updates while deepening existing relationships for strategic collaborations.

ENGAGEMENT PLATFORMS
- Meetings.
- Email communications.
- Seminars/webinars.

KEY CONCERNS RAISED
- Compliance with rules and regulations, with the Group kept abreast of new requirements.
- Share, contribute and co-create industry best practices or new policies and regulations.

RESPONSES
- Ensure full compliance with the applicable rules and requirements.
- Engage all stakeholders with transparency, honesty and integrity.

ENGAGEMENT FREQUENCY
- Industry forums (quarterly).
- Government consultations (quarterly).
- Advisory groups (quarterly).

RISK & OPPORTUNITIES
Changing regulations or non-compliance impact our deliverables and project timelines, but there is opportunity to deepen existing relationships for strategic collaborations.

OUR RESPONSE
- Participated in industry or national-level forums.
- Supported and contributed to national development through products and initiatives such as affordable housing products, biodiversity inventories, as well as wetland construction and maintenance guidelines.

MATERIAL MATTERS

M Manufactured Capital

Our land bank and property products that we continue to manage provide a sustained source of revenue generation for years to come.

Material Matter(s) and why is it important to Sime Darby Property:

- Product delivery timeliness and quality to ensure customer satisfaction and improve brand credibility.

Risk and Opportunities:

- Customers' needs and expectations of the quality of product delivery and timeliness affect our market approaches.
- A volatile market that negatively influences cost and margins adds pressure to maintain product quality at lower margins.
- The outbreak of the COVID-19 pandemic has impacted the entire end-to-end global supply chain.
- Relook at contracts and ways to improve and tighten the processes.
- Adopt new and sustainable working practices, such as harnessing cloud services and collaborative digital platforms.
- Strengthening good relationships with strategic partners to remain competitive.

Mitigation Strategies:

- Improving end-to-end customer experience by leveraging on technology and innovation to enhance service standards.
- Building and delivering defect-free products using quality management tools such as the Quality Assessment System in Construction ("QLASSIC").
- Improving speed to market and shortening the end-to-end development cycle.
- Conducted in-depth analysis of supply chain activities to ensure optimum efficiency at every stage.

Key Strategic Priorities in FY2022:

- Achieve cost and operational efficiencies.
- Scale-up usage of project management and digital collaboration platforms.
- Ensuring a sustainable launch pipeline via sufficient product differentiation and diversification.

How We Create Value?

- Appoint the right business partner for the right projects.
- Ensure the sustainability of supply, as well as product quality for customers.
- Minimise the risk of material supply shortage to avoid delay in construction progress.

How Do We Measure Value Creation?

- Sellable high-quality products delivered to the market.
- Innovative products and solutions.
- Service excellence.
- Product quality and appreciation.
- Socioeconomic growth.
- Customer satisfaction.
- Awards and recognitions.

F Financial Capital

Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cash flow position for the Group to capitalise on new value propositions.

Material Matter(s) and why is it important to Sime Darby Property:

- Financial & operational analysis and reporting on the ongoing performance of the businesses for future strategic planning.
- Financial budgeting through the Annual Operating Plan for upcoming financial periods.
- Strategic partnerships that add value and benefit the Group and its various stakeholders.
- Issuance of Sukuk Musharakah Programme for sufficiency of funding lines.

Key Strategic Priorities in FY2022:

- Sustainable development plan in place for strategic launches.
- Diversification of income streams through the ILD sector and enhance the growth of the Investment & Asset Management segment.
- Accelerate land bank management and monetisation, especially the non-core lands and review all call option lands.
- Leveraging on the collaboration with State Governments and current sizeable land bank to develop economic corridors as a master developer, including MVV 2.0 and Pagoh Special Economic Zone.
- Effective cash flow management & capital management – prioritise funding requirements for business growth.
- Cost structure optimisation via cost control initiatives focusing on procurement, design-to-cost, other direct and operating costs management, as well as financial accountability/ ownership by each operation.
- Continue to preserve financial discipline throughout the year.

Risk and Opportunities:

- Market uncertainty mainly due to the prolonged pandemic outbreak amid the recessionary phase of the property sector, dampened consumer purchasing power and business sentiment.
- Rising material cost is a concern of compressed profit margins; followed by rebates and discounts given to clear unsold inventories.
- Rising competition in the absence of a strong push factor from the economic environment to reduce high supply in property which resulted in prolonged overhang issue especially for high-rise products.
- Continuous efforts to bridge the gap between demand and supply by identifying the right products at the right locations and price points.
- The need to expand recurring income business to diversify and rebalance the Group's portfolio.
- The need to unlock land value via property development and monetisation plans.
- Taking strategic partnerships and JVs into consideration to leverage on their expertise and resources to maximise returns.

How We Create Value?

- Timely announcements of the Group's financial and operational performance to keep stakeholders informed.
- Financial budgeting & planning, market research and analysis, as well as industry benchmarking in place to guide the Group in setting and executing business strategies.
- Strategic partnerships allow the Group to access new markets and networks, specialised knowledge and expertise, and greater technology resources, thus expediting business processes and growth.
- Effective capital management is essential to ensure adequate funding for ongoing and future developments.

Mitigation Strategies:

- Continue to ensure sustainable development through new townships and initiatives that are synergetic to the current developments, as well as enhance the value of our retail and commercial portfolio with placemaking and catalytic components.
- Broaden the Group's portfolio, particularly by expanding recurring income business in ILD. The setting up of a fund management platform is a significant progress for this initiative.
- Conducted thorough research, analysis and marketing plan with a focus on digitalisation to combat the market mismatch and cater to customers' needs.
- Tapped into the Government's initiatives to accelerate sales performance.
- Strategic review of joint ventures to enhance the growth of the Investment & Asset Management segment, as well as the value proposition and contribution to the Group.
- Strategic review of land bank through land bank management and monetisation plan to unlock value.
- Effective capital management to enable the Group's growth plans without weighing on its gearing level.

How Do We Measure Value Creation?

- Dividends to shareholders.
- Taxes to the Government.
- Payments to our supply chain partners.
- Wages and benefits to employees.
- Investments in ESG programmes and initiatives to create sustainable communities.

MATERIAL MATTERS

H Human Capital

Our people's expertise and capabilities drive our vision and mission, deliver strategic priorities and achieve business outcomes.

Material Matter(s) and why is it important to Sime Darby Property:

- Occupational safety and health for a conducive environment for various stakeholders.
- People management to drive forward the Group's objectives.

Key Strategic Priorities in FY2022:

- Drive performance & consequence management from the perspective of culture, accountability and incentive.
- Build a culture of learning to eliminate competency gaps.
- Build an effective succession and leadership pipeline.
- Mobilise internal talent.
- Prioritise digital approaches to optimise reach and leverage people data for future decision-making.

Risk and Opportunities:

- The ever-changing marketplace continues to drive the need for employees to acquire new skills and competencies.
- Technological disruptions influence expectations of quality and service.
- Hazards at the workplace, as well as compromised labour practices are areas that require close monitoring.
- Changes to new working conditions and stress factors from working from home conditions can affect employees' productivity, as well as physical and mental well-being.

How We Create Value?

- Implement organisation strategies that effectively develop key people initiatives and programmes which promote people well-being, motivate employees, improve organisational practices, as well as retain new and existing workforce.

Mitigation Strategies:

- Implementing effective performance management, robust talent management and development framework.
- Sustain inclusive employee engagement platforms to motivate performance, build competencies and deliver positive employee experiences.
- Enforced ESH Compliance controls, ESH Management Systems, Safety & Health Management Plan, among others.
- Improving offerings such as better features and tools in the Jalinan Nurani digital platform to help employees and their immediate family members maintain good mental health.

How Do We Measure Value Creation?

- Succession pipeline.
- Talent retention, mobility and growth.
- Diversity for development.
- Futureproof talent.

S Social Capital

Our relationship with stakeholders, formed through goodwill, build trust and credibility in our brand and create an ecosystem where every stakeholder is a beneficiary of our community enrichment initiatives.

Material Matter(s) and why is it important to Sime Darby Property:

- Community development to support thriving, inclusive and sustainable communities throughout the Group's townships.

Key Strategic Priorities in FY2022:

- Maintain strong and effective relationships with key stakeholders, namely shareholders, customers, local authorities, communities and suppliers.
- Community enriching assistance and programmes to stakeholders within/surrounding our townships.

Risk and Opportunities:

- Lack of resources and focus for community-based initiatives such as the delivery of affordable homes compared to more profitable open-market products.
- Unresponsive and dissatisfied stakeholders due to lack of information or misinformation, as well as inconsistent and unclear communication pose as threats to the Group's reputation and business operations.
- Build rapport with various stakeholders to increase awareness of the Group's brand and key messages, as well as social initiatives.

How We Create Value?

- Organise various community enriching programmes through the Sime Darby Property Volunteer Programme, as well as collaborations with the Group's philanthropic arm, YSD.
- Constant engagements with various stakeholders.

Mitigation Strategies:

- Enhancing our policies, processes and procedures to meet compliance requirements while monitoring regulatory developments in areas where we operate.
- Launch of a healthy mix of products which include affordable homes of both high-rise and landed properties.
- Ensuring consistent and clear corporate messaging.

How Do We Measure Value Creation?

- Value partnerships.
- Positive social impact.

N Natural Capital

The natural resources used for our business activities and undeveloped land banks unlock future revenue potential.

Material Matter(s) and why is it important to Sime Darby Property:
- Environmental stewardship ensures the conservation and preservation of natural resources through the adoption of sustainable practices to create value for future generations
- Delivering a sustainable development pipeline to create positive impact for the areas of People, Planet and Prosperity.

Key Strategic Priorities in FY2022:
- Increased targets to further reduce carbon emissions.
- Drive sustainability principles into core decision-making for new products and offerings.
- Continue to drive a culture of safety and sustainability throughout the Group.

Risk and Opportunities:
- Potential negative impact on land bank development, including water security issues such as water scarcity, unpredictable rainfall and/or flood events.
- Negative effects on the environment and ecosystem due to externalities from the Group's operations and supply chain activities.
- Opportunities include, among others, rainwater harvesting, adoption of wetland spaces and dense planting which contribute to environmental education, community inclusion and opportunities for urban reforestation research and development, opportunity to install renewable energy in products and assets along with more energy efficient products and set in place community recycling and effective urban farming.

How We Create Value?
- Continued to monitor progress of the Group's 2030 Sustainability Goals and Sustainability KPI within the Group Corporate Scorecard.
- Strategic collaboration with external parties in addressing climate change and environment/biodiversity conservation.
- Enhanced replication of green/low carbon products.
- Standardisation of product sustainability elements.

Mitigation Strategies:
- Constant engagement with stakeholders in the value chain to communicate the Group's climate change direction and expectation of vendors to start their ESG journeys.
- Monitoring and driving operational eco-efficiency (i.e., water, waste, carbon emissions) while achieving reduction targets.
- Continued our 1:1 tree replacement policy and tracking (established in 2011). Alongside this, established a minimum ERT Tree target of 10.0 percent of all planting from 2021 onward (ERT trees from the IUCN Red List of Flora).
- Strategic MoU-based collaboration with environmental non-governmental organisations, TRCRC to operate our ERKC and ELCN (for ERT tree propagation).
- Implemented an active land bank management approach which includes strategic land sales and acquisition.
- Applied specific targets and adopted approaches to maximise water security for further resilience in the development of land banks.
- Implemented minimum standard product sustainability elements guidelines and checklists, inclusive of associated KPI targets in scorecards.

How Do We Measure Value Creation?
- SDP 2030 Sustainability Goals progress.
- SUSDEX assessment.
- Sustainability Checklist compliance monitoring.
- Sustainability KPIs.
- Sustainable land bank management.
- Acquisition of new land for development.
- Sale of non-strategic land bank and low-yielding assets.
- Efficient management of natural resources.
- Tracking tree tool
- Carbon, Waste and Water Footprints Projects and target tracking.

I Intellectual Capital

The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.

Material Matter(s) and why is it important to Sime Darby Property:
- Adopting technology and innovation to improve efficiency of various work processes, enhance competitive edge, and improve product developments and services for customers.

Risk and Opportunities:
- Change and disruption in the business landscape, as well as technological advances and the rising population of millennials require the Group to respond swiftly and innovatively.
- With digitalisation lowering the barrier to entry, it is easier for new entrants to disrupt incumbents.

Mitigation Strategies:
- Focused on maintaining a healthy pipeline of innovative projects that can be commercially successful and replicated across multiple platforms.
- Partnered with external parties and engaged in brainstorming sessions to resolve emerging issues and achieve the desired innovation portfolio mix.

Key Strategic Priorities in FY2022:
- Institutionalising technology, innovation and R&D as key transformation drivers for the Group.
- Value engineering and design considerations.
- Further leverage on digital platforms and applications.

How We Create Value?
- Improve processes and systems for efficient project management via collaborative digital platforms.
- Introducing online customer experiences through the application of new technologies and improving digital marketing channels.
- Develop smart, green and multi-generational homes to cater to various consumers' needs.

How Do We Measure Value Creation?
- High brand value.
- Global presence and footprint.
- Quality and innovative end-to-end product chain.
- New business ventures.

OUR APPROACH TO VALUE CREATION - HOW WE CREATE VALUE

Our emphasis on value creation is expressed through our products and services. Sime Darby Property adopts an integrated approach to value creation by taking into consideration the external environment, including market risks & opportunities, and our relationship with stakeholders; assessing our material matters and formulating strategies that will lead us on

OUR STAKEHOLDERS

The end goal of the value creation process is to deliver sustainable benefits to our stakeholders. Their expectations determine our assessment on material matters and strategies.

OUR OPERATING CONTEXT

The external environment determines our growth prospects in an interconnected economy which is influenced by global megatrends, market outlook, risks & opportunities, regulatory changes, as well as trade-flows.

OUR MATERIAL MATTERS

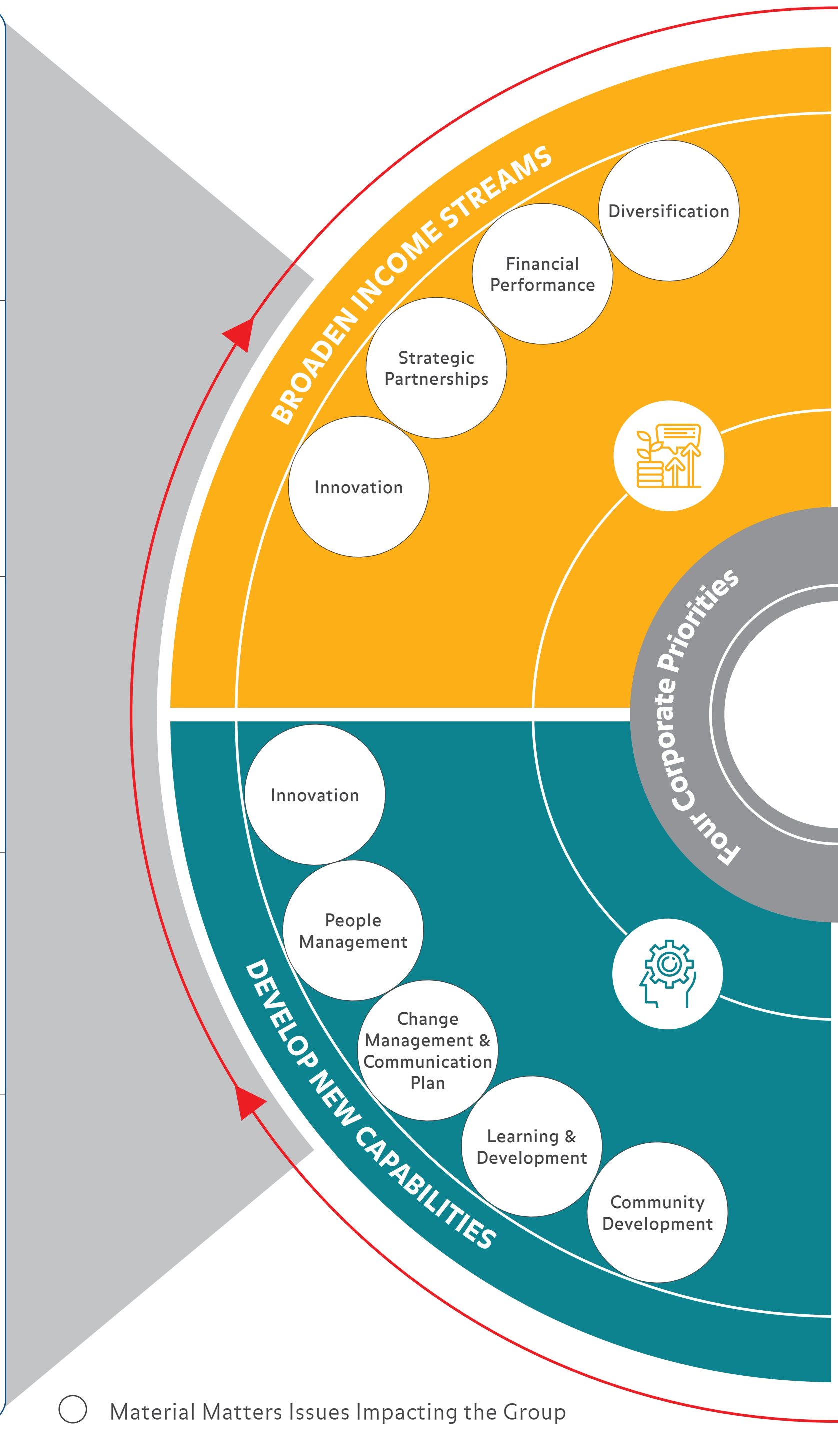
Our material matters are topics that influence our businesses and which we respond to through appropriate management approaches. They carry both risks and opportunities.

SIX CAPITALS

The six capitals are the various types of resources we use to create value, and our performance by capital measures our value creation efforts.

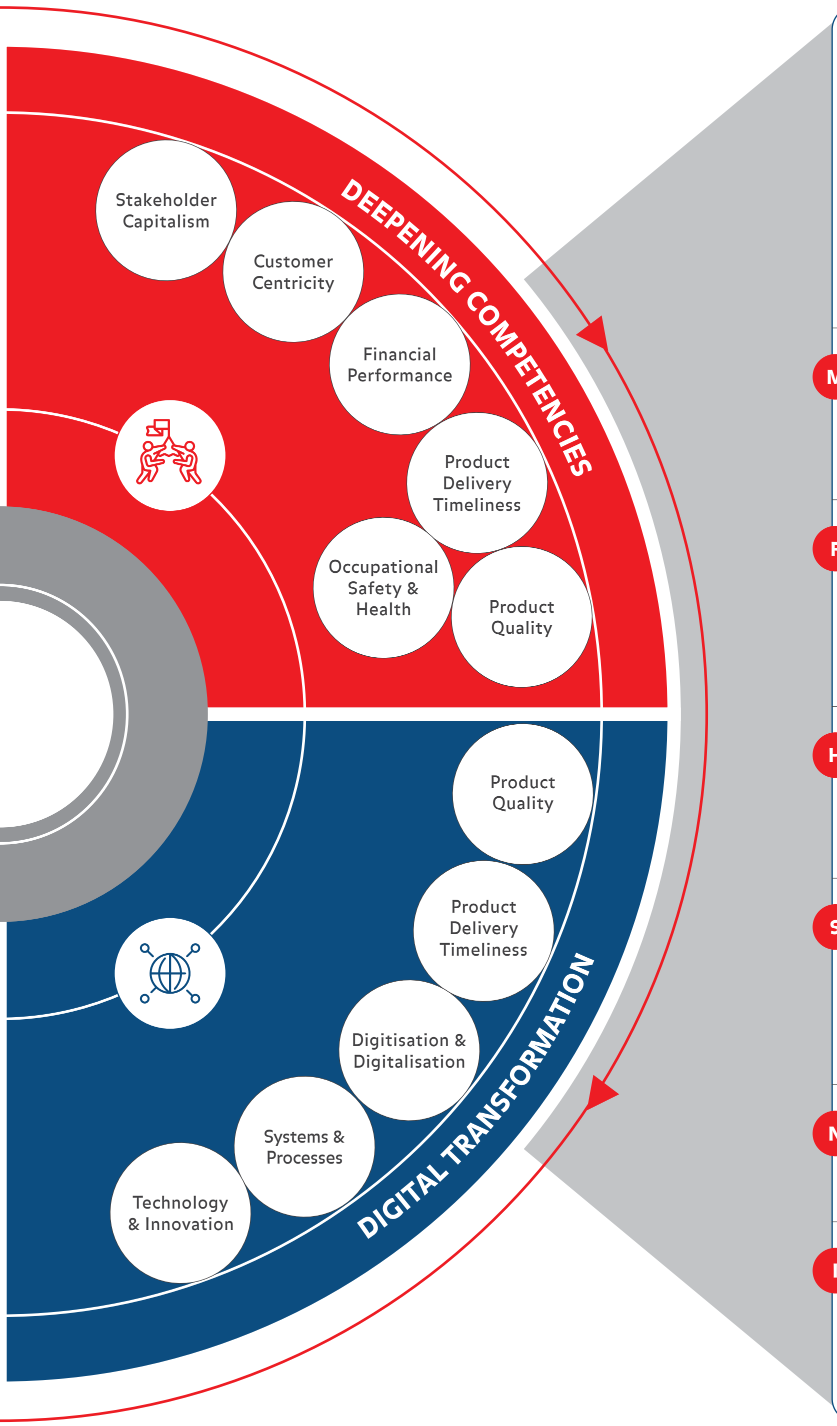
OUR STRATEGY

Our SHIFT25 strategy outlines strategic priorities that will serve as the foundation for us to achieve our goal of transforming into a real estate company by 2025, while managing our material matters through the six capitals, and ultimately create value for stakeholders.



OUR APPROACH TO VALUE CREATION - HOW WE CREATE VALUE

a path to create sustainable value for stakeholders. We regard the value creation process as a continuous navigation of these factors, where each stakeholder in our ecosystem benefits from our business in one way or another.



UTILISING OUR RESOURCES

We leverage on the resources at our disposal to deliver value, which are distributed among our six capitals. The allocation of resources is subject to trade-offs between each of the capitals. Any decision, investment or opportunity is ventured with consideration for these trade-offs, with the goal of balancing and enhancing our capitals to create value that benefits all parties.

M **Manufactured Capital**
Our land bank and property products that we continue to manage provide a sustained source of revenue generation for years to come.

F **Financial Capital**
Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cash flow position for the Group to capitalise on new value propositions.

H **Human Capital**
Our people's expertise and capabilities drive our vision and mission, deliver strategic priorities and achieve business outcomes.

S **Social Capital**
Our relationship with stakeholders, formed through goodwill, build trust and credibility in our brand and create an ecosystem where every stakeholder is a beneficiary of our community enrichment initiatives.

N **Natural Capital**
The natural resources used for our business activities and undeveloped land banks unlock future revenue potential.

I **Intellectual Capital**
The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.

OUR VALUE CREATING BUSINESS MODEL

Our business model is designed to respond to the most critical and material aspects of our business. It marks a new chapter for long-term value creation since our listing as we leverage the experiences and capabilities of our people to deliver quality homes and properties for our customers.

KEY INPUTS ▶▶ KEY DRIVERS OR

OUR CRITICAL CAPITALS

M Manufactured Capital

Owns approximately15,400 acres of land bank as well as 20,000 acres of call option lands in strategic locations and with good connectivity

- **25** active townships, integrated and niche developments
- **5.4 million sq. ft.** of total net lettable area
- **4** Leisure assets

F Financial Capital

Prudent in protecting the Group's financial position through optimal liquidity management and efficient capital structure.

- Cash balance of **RM909.7 million**
- Total equity: **RM9.3 billion**
- Gross Gearing Ratio: **41.8 percent**
- Net Gearing Ratio: **32.0 percent**

H Human Capital

1,348 total employees across our business segments in Property Development, Investment & Asset Management, and Leisure

- **RM729,000** invested in Learning & Development programmes
- **129** Learning and Development programmes organised in 2021

S Social Capital

Maintains strong and effective relationships with key stakeholders, namely shareholders, customers, local authorities, communities and suppliers

- **18 organisations** supported through donations and sponsorships
- **21** community programmes and initiatives organised
- **49 participants** from B40 communities trained and mentored under the Economic Empowerment Programme

N Natural Capital

Optimise environmental performance by embedding sustainability in our value chain to manage natural resources, i.e. land, water and energy

- **6,806** homes installed with watersaving fittings
- **4,225** energy-efficient homes
- **106 tonnes** of waste recycled through community recycling programmes

I Intellectual Capital

The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.

- Migrated core applications and servers to **Microsoft's Azure cloud** in January 2021
- Implemented the **eProcurement** solution
- Successfully rolled out the **Procore** project management collaboration tool
- Utilised the in-house built **Virtual Sales Gallery** and Online Booking, Payment and Balloting System

MARKET TRENDS

- Economic Power Shift
- Rapid Urbanisation
- Changing Demographics

BROADEN INCOME STREAMS

SHIFT25 Strategy
Towards Becoming Malaysia's Leading and Most Admired Real Estate Company

DEVELOP NEW CAPABILITIES

- Competition
- Talent & Resource Management
- Environmental, Safety & Health
- Cybersecurity
- Development & Product Strategy

MATERIAL RISKS

Supported by strong governance and effective Board leadership

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

OUR VALUE CREATING BUSINESS MODEL

Underpinned by Our Values: **PRIME**

- **P** Passion
- **R** Respect and Teamwork
- **I** Integrity and Accountability
- **M** Make it Happen
- **E** Entrepreneurial Spirit

COMPETITIVE ADVANTAGE **OUR OUTCOMES**

- Digitalisation, Technology & Innovation
- Awareness in ESG
- Importance of Healthcare Sector

DEEPENING COMPETENCIES

First announced in 2019; the strategy has been refreshed to reflect the impact of COVID-19 and the current operating environment. Four key corporate priorities are listed to spearhead the Group's evolution from a pure play property developer into a real estate company by 2025.

DIGITAL TRANSFORMATION

- Joint Ventures, Collaborations & Strategic Partnerships
- Project Development & Execution
- Legal/Regulatory & Contractual Compliance
- Utilities Supply

OUR MAIN ACTIVITIES

Active Land Bank Management
A rigorous approach to expand our role as a master developer, enhance the value of existing townships and execute strategic land monetisation and acquisitions.

Township & Integrated Development
Effectively conceptualise and design property development projects that meet buyers' demands and standards.

Investment & Asset Management
Deliver innovative projects, with a particular focus on industrial developments, to accelerate income diversification beyond property development.

Leisure Operations
Offer products, services and amenities that complements various lifestyles and demographics.

Robust Capital Management
To deliver sustainable net earnings, rewarding distribution to shareholders while maintaining efficient cash and capital management.

Strong Financial Discipline
Improve the effectiveness to deliver profitable performance through constant review of business plans, sales performance, inventory management and cost management.

Sustainable Talent & Performance Management
Focus on effective people management to groom talent and optimise efficiency across all operations.

Effective Governance & Stakeholder Management
Periodic enhancement on our Policies & Operating Procedures to meet compliance requirements and expectations of stakeholders, particularly strategic partners, shareholders and regulatory bodies Enhancement of existing Procurement Policies & Operating Procedures to suit current industry practices.

Corporate Sustainability Strategy
Developed a holistic Sustainability Policy and a focused Sustainability Strategy. The latter bring whole of company to focus on: *Decarbonise Our Operations and Products; Implement Good Biodiversity Practices; Shape Inclusive & Resilient Communities; and Maintain Socially Responsible Operations.*

Sustainable Procurement
Key products and materials that possess green certifications from across the region.

Product & Digital Innovation
Use of digitalisation and technology as well as innovation through the ingenuity of its people to broaden customer channels, improve customer experience and project collaboration.

OUR VALUE CREATION

Manufactured Capital
- **14 projects** completed with a total delivery of **3,129 units** in FY2021
- Achieved a QLASSIC Score of **82.0 percent**

Financial Capital
- Revenue of **RM2.2 billion**
- PATAMI of **RM136.9 million**
- **49.7 percent** dividend payout ratio
- **RM137.3 million** tax paid to the Government and contribution to the society

Human Capital
- Average of **2.2 days** in training hours per employee
- **23,520 learning hours** recorded by employees in FY2021
- **43.0 percent*** of our workforce and **30.0 percent** of the Board are represented by women

Social Capital
- **RM5.9 million** worth of charitable contributions made
- Contributed **569 volunteer hours** to the community
- **RM1.8 million** channelled to COVID-19 relief efforts
- Close to **45,000 beneficiaries** benefited through community programmes and initiatives

Natural Capital
- Operational carbon emissions reduction of **28.88 percent (14,337tCO_2-e)**
- Water intensity reduction of **14.88 percent**
- Waste reduction of **35.72 percent**
- Operational Waste Recycling of **5,675.10 kg**
- Renewable Solar PV of **1,026 kWp**
- **10,822tCO_2-e** carbon sequestration
- **39.2 percent** of contracted vendors (supply chain partners) engaged during seminars about eco-efficiency and human rights standard
- **34.7 percent** contracted vendors response rate to ESG Practices Survey
- **97.202tCO_2-e** of carbon emissions diversion from 106 tonnes community recycling

Intellectual Capital
- Sime Darby Property became the first property developer in Malaysia to fully adopt Microsoft Azure and house all our business applications, solutions and infrastructure online
- The Online Booking System allows for homebuyers to conveniently complete online payments for their dream homes
- Procore digitises, digitalises and automates property development processes by designing digital workflows

Robust Corporate Governance Framework

We are committed to the highest standards of governance and constantly review our framework to align with stakeholders' best interests

PERFORMANCE BY CAPITALS

M Manufactured Capital

Our land bank and property products that we continue to manage provide a sustained source of revenue generation for years to come.

Inputs

- Approximately **15,400 acres** of land bank.
- **25** active townships, integrated and niche developments.
- **5.4 million** sq. ft. of total net lettable area.
- **4** leisure assets.

Value We Create

- **3,129** units constituting **14** projects completed and delivered.
- **82.0 percent** QLASSIC score achieved in 2021.

Action to Enhance Outcomes

- Conducted a total assessment and restrategised new launch plans amid challenging market conditions.
- Reviewed land bank management and monetisation strategy to unlock value in remaining land bank.
- Transformed complementary businesses to add value to core property development business.
- Completed the first phase of homes that accommodate multi-generational living with senior-friendly, age-in-place features.
- Launched Malaysia's first Inclusive Playground, as well as a Best Business Practices Circular and Guidance Toolkit for other developers to follow suit.

Trade-offs

- Land acquisition for future developments and the transformation of complementary business requires financial capital in the short-term. In the long term, it will catalyse overall organisational growth for financial stability. The development of our land bank can also negatively impact natural capital. However, the latter can be mitigated by leveraging on human capital and intellectual capital.

F Financial Capital

Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cash flow position for the Group to capitalise on new value propositions.

Inputs

- Cash Balance of **RM909.7 million.**
- Total Equity of **RM9.3 billion.**
- Gross Gearing Ratio of **41.8 percent.**
- Net Gearing Ratio of **32.0 percent.**

Value We Create

- **RM2.2 billion** in revenue.
- **RM136.9 million** in PATAMI.
- **49.7 percent** dividend payout ratio.
- **RM137.3 million** tax paid to the Government and contribution to the society.

Action to Enhance Outcomes

- Continue to offer healthy product mix with the right price points and at prime locations to cater to fluctuating market preferences and changing demographics.
- Developed aggressive digital marketing campaigns to sustain the momentum from previous online sales, supported by robust online sales system.
- Explored strategic partnership to diversify income stream via the ILD sector.
- Focused on complementary businesses to synergise with property developments and support our recurring income strategy.
- Maintained a healthy balance sheet through effective capital, cashflow and cost management.
- Accelerated monetisation plans for non-core land sales and low-yielding assets.
- Effective and targeted marketing efforts to minimise unsold inventories.
- Ensured sufficiency in funding lines, including the activation of SRI Sustainability Sukuk Musharakah to raise funds for projects that support Sime Darby Property's 2030 Sustainability Goals.

Trade-offs

- The need to strengthen financial capital through such measures as cost rationalisation can compromise human capital and natural capital. Some other actions to enhance financial capital require additional borrowings, which would increase the gearing level. However, these actions are necessary to achieve sustainable returns in the medium-to-long term.

H Human Capital

Our people's expertise and capabilities drive our vision and mission, deliver strategic priorities and achieve business outcomes.

Inputs

- Total of **1,348 employees.**
- **129** learning and development programmes organised in 2021.
- **RM729,000** invested in Learning & Development ("L&D") programmes.

Value We Create

- Average of **2.2 days** in training hours per employee.
- **23,520** total training hours recorded in 2021.
- **43.0 percent*** of our workforce and 30.0 percent of the Board are represented by women.

Trade-offs

- The implementation of digital and virtual training, programmes and workshops may result in no physical interaction among employees which may hinder creating and bonding physical intrinsic relationships. However, employees will be able to continuously enhance their skills and knowledge in creating a culture of learning across the Group.

Action to Enhance Outcomes

- Organised digital and virtual training sessions and workshops.
- Increased the number of training programmes and learning hours, including the pilot launch of LinkedIn Learning in August 2021 with an observation of increased learning hours in a month.
- Implemented pandemic precautionary measures to reduce exposure to the virus.

S Social Capital

Our relationship with stakeholders, formed through goodwill, build trust and credibility in our brand and create an ecosystem where every stakeholder is a beneficiary of our community enrichment initiatives.

Inputs

- **18 organisations** supported through donations and sponsorships.
- Close to **45,000 beneficiaries** benefited from **21** community programmes and initiatives.
- **49 participants** from B40 communities trained and mentored under the Economic Empowerment Programme ("EEP").
- Rental subsidy for three units of business lots in Taman Bukit Subang Commercial Complex as incentive to kick start businesses, as well as a social enterprise centre. Funds raised from the 21K Strong Virtual Run & Ride campaign were channelled to run the programme.

Value We Create

- **RM5.9 million** worth of charitable contributions made.
- Approximately **RM1.8 million** channelled to COVID-19 relief efforts by the Group.
- **569 hours** spent volunteering for the community.
- Close to **80.0 percent** of participants from Ara Damansara, Bandar Bukit Raja, Bukit Subang and Putra Heights recorded increased income during the six-month EEP.

Trade-offs

- Building bridges with all our stakeholders takes a toll on both our financial and human capitals. However, effective social and relationship capital via stakeholder engagement can strengthen our social license to operate, as well as enable us to build manufactured capital for more inclusive results.

Action to Enhance Outcomes

- Adjusted the speed of payments processing to our suppliers from 1 month to 14 days to ease the financial burden resulting from the pandemic.
- Continued to donate, plan, and support various community development programmes to aid underprivileged communities.
- Launched the Vendor Code of Business Conduct and Vendor Integrity Pledge with increased focus on human rights.

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

PERFORMANCE BY CAPITALS

N Natural Capital

The natural resources used for our business activities and undeveloped land banks unlock future revenue potential.

Inputs

- **22,809** IUCN Red List Trees with a total of **115,814 trees** planted since 2011.
- **6,806 homes** installed with water-saving fittings.
- **4,225 energy-efficient homes.**
- **106 tonnes** in 2021 of waste recycled through community recycling programmes.

Value We Create

- Operational carbon emissions reduction **28.88 percent (14,337tCO_{2}-e)**
- Water intensity reduction **14.88 percent**
- Waste reduction **35.72 percent**
- Operational Waste Recycling **205,282 kg**
- Renewable Solar PV **1,026 kWp**
- **10,822tCO_{2}-e** carbon sequestration.
- **39.2 percent** of contracted vendors (supply chain partners) engaged during seminars about eco-efficiency and human rights standard across our value chains.
- **34.7 percent** contracted vendors response rate to ESG Practices Survey.
- **97.202 tCO_{2}-e** of carbon emissions diversion from 106 tonnes community recycling.

Trade-offs

- Protection and conservation of natural capital affect financial capital. However, in the long term, preserving natural capital ensures we can continue to grow manufactured and financial capital. Effective protection of natural capital improves social and relationship capital, especially with those stakeholders that are concerned about our environmental footprint.

Action to Enhance Outcomes

- Established the Group's 2030 Sustainability Goals that are aligned with the UN SDGs.
- Strengthened governance of sustainability matters by finalising an Integrated Sustainability Policy and implementing the Sustainability KPI.
- Developed and launched SRI.
- Sustainability Sukuk Musharakah programme.
- Continued to advance reduction targets by implementing eco-efficiency practices in our operations.
- Conducted a communication programme to raise awareness on sustainability among employees.
- Identified sustainability risks in our enterprise risk framework.
- Enhanced the sustainability features of our units by installing solar panels and water-saving fittings.
- Developed a Wetlands Construction and Maintenance Guideline in consultation with a wetland expert.
- Maintained the Elmina Rainforest Knowledge Centre and Elmina Living Nursery Collection as biodiversity inventories.
- Commenced the vendor engagement programme on eco-efficiency and climate change.
- Launched Malaysia's first Inclusive Playground in collaboration with UNICEF in the City of Elmina.

I Intellectual Capital

The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.

Inputs

- Fully migrated core applications and servers to Microsoft's Azure cloud in January 2021.
- Implemented the eProcurement solution.
- Successfully rolled out the Procore project management collaboration tool.
- Utilised the in-house built Virtual Sales Gallery ("VSG") and Online Booking, Payment and Balloting System.

Value We Create

- Better process efficiency, simpler data management, and stricter governance control throughout the Group.
- The Online Booking System ("OBS") allows for homebuyers to conveniently complete online payments for their dream homes.
- Procore digitises, digitalises and automates property development processes by designing digital workflows and connecting multiple stakeholders.

Trade-offs

- Intellectual Capital provides the Group opportunities to implement future digital initiatives to support decision making and planning, through machine learning, predictive analysis and artificial intelligence.

  The possibilities of utilising technology to positively impact our stakeholders and to create value is endless with:

  - Better data accessibility, as it is easier for our users to access relevant data through an integrated system;
  - The ability to reduce cost, improve delivery process, standardise and improve quality, and create value for customers;
  - The ability to new and innovative approaches; as well as
  - Streamlined project communications and documentation processes for accurate financial and project information.

Action to Enhance Outcomes

- Conducted research on existing products to understand customer behaviour and enhanced digital marketing channels through application of new technologies.
- Formulated a 5-year Digital & IT Strategy Blueprint in 2021 as a guidance for our Digital Transformation journey.

OUR STRATEGY

In FY2022, Sime Darby Property will continue to transform itself from a pure play property developer into a real estate company by 2025. Our journey is on track and propelled by our SHIFT25 strategy which outlines our strategic end goals to achieve by 2025, by broadening our income base to a 70:30 split between property development and recurring income streams.

Underpinned by 4 Corporate Priorities and 7 Focus Areas, our SHIFT25 strategy is designed to pivot the Group towards strengthening its foothold, building resilience and grasping new opportunities along the transformation to become a real estate company. Additionally, the SHIFT25 strategy is supported by a number of key enablers, namely, people, technology and innovation, procurement, as well as safety and sustainability.

Broaden Income Streams

- Master Developer Model
- Investment & Asset Management
- Industrial & Logistics Development
- Malaysia Vision Valley 2.0
- Pagoh Special Economic Zone

Deepening Competencies

- High Safety Culture
- Sustainability as a Hallmark
- Design & Lifestyle Developer Capabilities
- Financial Management & Cost Rationalisation

Develop New Capabilities

- Work with Best-in-Class Partners
- Land Bank Management and Monetisation
- Placemaking

Digital Transformation

- Core IT Process Rationalisation
- Cloud Computing & Enterprise Data Warehouse
- Data Security Framework
- Data Driven Decision Making
- Collaborative Platforms
- Software, Apps & Developers

The 4 Corporate Priorities are further supported with the 7 Focus Areas to drive organisational transformation:

1

Operational Excellence
Establish a firm foundation to transform the Group into a performance-driven organisation through continuous improvement in the way we work.

2

Organisational Excellence
Raise productivity and enrich talent pool with internal development and strategic external hiring.

3

Safety and Sustainability
Develop a safe workplace for employees and business partners for the pursuit of sustainability in the three strategic pillars of People, Planet and Prosperity.

4

Customer First
Drive end-to-end customer experience and journeys via key touchpoints and adoption of new technologies.

5

Technology and Innovation
Develop technological capabilities to expand use of digital channels and data analytics.

6

Branding & Communication
Enhance stakeholder interest in the Group's innovative offerings and solutions as a lifestyle developer via communication activities that add value to the marketing process and sales outcome.

7

New Revenue Streams
Establish prominence in other segments of the industry to accelerate the diversification of income and complement property development.

OUR STRATEGY

BROADEN INCOME STREAMS

Strengthen our position as a Master Developer by leveraging on strategically located land bank to develop economic corridors, embed robust economic activities and enhance our recurring income portfolio of industrial, retail and office assets.

Capital(s):

F M H

Material Matter(s):

Strategic Initiatives:

- Sime Darby Property as a Master Developer
- Enhance Investment & Asset Management Portfolio
- Industrial & Logistics Development
- Enhanced Development at MVV 2.0 and Pagoh Special Economic Zone

Priorities for FY2022:

- Continue to increase recurring income streams by accelerating income diversification beyond the Property Development segment, with particular focus on industrial & logistics development; while the Investment & Asset Management and Leisure segments will be optimised for better performance to support growth
- Ensure sustainable development and pipeline of launches for greater earnings visibility
- Tapping on the collaboration with State Governments and land bank in possession to develop economic corridors as a master developer including MVV 2.0 and the Pagoh Special Economic Zone

DEEPENING COMPETENCIES

Enhance our competencies as a sustainable lifestyle and community developer via cultivating a performance-driven culture and embedding sustainability into our daily operations.

Capital(s):

F M I N S H

Material Matter(s):

Strategic Initiatives:

- High Safety Culture
- Sustainability as a Hallmark
- Design & Lifestyle Developer Capabilities
- Financial Management & Cost Rationalisation

Priorities for FY2022:

- Continue to preserve high financial discipline for effective capital, cash flow and cost management
- Financial accountability/ownership by each business unit
- Being customer-centric by ensuring seamless customer experiences and quality pre and post-sales services are rendered
- Practice of good corporate citizenship in delivering positive social and environmental impacts to all stakeholders through innovative products, services and activities that promote social cohesion, economic stability and sustainable lifestyles
- Management of operations with safety and sustainability as a priority
- Upholding good corporate governance practices

DEVELOP NEW CAPABILITIES

Disrupt the way we operate positively via unlocking business opportunities in new areas, leveraging on partnerships and strategic collaborations.

Capital(s):

F M I

Material Matter(s):

Strategic Initiatives:

- Work with Best-in-Class Partners
- Land Bank Management and Monetisation
- Placemaking

Priorities for FY2022:

- Operationalising the Industrial Development Fund
- Accelerating land bank management and monetisation plan to further unlock value and strengthen the Group's financial position
- Strengthening our retail and commercial portfolio as placemaking and catalytic components to add value to township projects

DIGITAL TRANSFORMATION

Future-proof our business model against global disruption trends by digitisation and digitalisation of our core processes to enable new frontiers within technology, innovation, as well as research and development ("R&D").

Capital(s):

F M I H

Material Matter(s):

Strategic Initiatives:

- Core IT Process Rationalisation
- Cloud Computing & Enterprise Data Warehouse
- Data Security Framework
- Data Driven Decision Making
- Collaborative Platforms
- Software, Apps & Developers

Priorities for FY2022:

- Intensification of digital marketing and online campaigns to derive more proactive and effective customer engagements in the endemic environment
- Digital transformation to enable agile and successful business development and operations, including capability and capacity-building in internal and external processes
- Identify and work closely with established partners in the digital and innovation spectrum for greater value creation

KEY PERFORMANCE METRICS

F Financial Capital

Dividend Payout

Objective
To deliver sustainable value to our shareholders via dividend contribution.

FY2021
Dividend payout ratio is 49.7 percent in the current financial year. Historical dividend payout ratio (excluding one-offs) between FY2018 and FY2020 ranged from 65.4 percent to 133.4 percent.

Unbilled Sales

Objective
To strengthen our unbilled sales base for future sales recognition

FY2021
As at 31 December 2021, the Group achieved RM2.4 billion unbilled sales, surpassing the RM1.7 billion target set for FY2021.

M Manufactured Capital

Customer Satisfaction Index

Objective
To deliver the highest standards of value and service to our customers.

FY2021
The Group's Leisure assets continued to show high quality service, recording Customer Satisfaction Index scores of 84.2 percent for both the Kuala Lumpur Golf & Country Club and Sime Darby Convention Centre, as well as 93.7 percent for the Impian Golf & Country Club.

S Social Capital

Lost Time Injury Frequency Rate

Objective
To promote well-being and safety of all at our operations.

FY2021
We recorded a decrease in the Group's Lost Time Injury Frequency Rate ("LTIFR") from 0.14 to 0.08* LTIFR

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

H Human Capital

Female Representation

Objective
To support the leadership development of our female employees and promote greater gender diversity.

FY2021
43.0 percent* of the workforce consist of women and 30.0 percent female representation on the Board.

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

N Natural Capital

Total Carbon Emissions

Objective
To actively monitor and reduce our carbon emissions.

FY2021
The Group's total carbon emissions for the year under review was 41,107 tCO_2-e* . [Scope 1: 25,150 tCO_2-e and scope 2: 15,957 tCO_2-e].

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

Water Consumption

Objective
To track and monitor our water consumption and optimise use to reduce our impact on the environment and ecosystems.

FY2021
We used a total of 722,598 m3* of potable water.

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

Waste Generated

Objective
To track our waste production and apply optimised solutions to reduce our impact on the environment and its ecosystems.

FY2021
Total Operational Solid Waste to Landfill is 4,623,459 kg*

* *This data has been externally assured. Please refer to the Independent Assurance Report on pages 357 to 359.*

I Intellectual Capital

Positively Impact Stakeholders

Objective
To nurture the capacity for innovation, which is key to maintaining our competitive edge.

FY2021
First property developer in Malaysia to fully adopt Microsoft Azure and house all our business applications, solutions and infrastructure online.

KEY RISKS AND MITIGATION

KEY RISKS AND MITIGATION

The Group continued to operate in a challenging environment as the prolonged COVID-19 pandemic resulted in restrictive movement control measures being reimplemented in FY2021. However, with the successful roll-out of the COVID-19 vaccine throughout 2021 and its subsequent booster jab in Q1 2022, the Group is expecting an improved operating environment in FY2022 in tandem with the general recovery of the country's and global economy, barring any new infectious variant of the COVID-19 virus.

The Group will continue to monitor the impact of the supply chain disruption caused by the COVID-19 recovery process, which has resulted in an increase in the cost of doing business (increase in raw material cost, etc.). If this increase is not managed appropriately, it will squeeze the projected profit margins of the Group's products and services.

The establishment of an Industrial Development Fund platform to support the Group's ILD business marks a major milestone in the Group's journey from being a pure play property developer to becoming a real estate development company.

The Board and Executive Leadership acknowledge that this journey will require significant changes in the way business is conducted, and thus will present new risks and opportunities for the entire company.

The Group acknowledges that even with a robust risk management framework and practices, it cannot fully mitigate all key risks faced by the Group as some will be inherent in our industry and business operations. However, the Group will continue to monitor and minimise the potential impact arising from these risks, levelling it to its risk appetite.

Key features of the Group's Enterprise Risk Management Framework can be found in the Statement on Risk Management and Internal Control on page 207.

The Group's ten (10) broad key risks and their mitigation measures for the financial year under review are outlined below:

MARKET

Macro economic factors, including continued subdued property market, movement control restrictions hampering key operations such as sales and construction activities, hindered our ability to operate as intended, causing strain to our liquidity position and impeded the achievement of our growth strategy and financial targets.

RISK TRENDS

↔

IMPACT ON VALUE

Diminishing financial capital due to:
- Poor Group performance and returns;
- Unsold stocks;
- Prolonged deferment or delayed launches leading to weak product pipelines;
- Insufficient operational cash flow to fund projects; and
- Tight capital market conditions 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, as well as maintaining the funding facilities;
- Launched products that are compelling and relevant to target market demand with the right price point and strong value proposition;
- Undertook sizing of market potential, and used market intelligence on product and service offerings for similar/comparable developments to support product viability prior to launch;
- Introduced sales offers and innovative packages for new products, leveraging on brand name;
- Leveraged on the Home Ownership Campaign to increase sales and reduce unsold stocks;
- Continued to leverage on technology to provide a seamless customer journey via online sales campaign and end-to-end purchasing journey;
- Continued to provide affordable housing design and packages; and
- Continued tactical price review for unsold stocks, where required.

IMPACTING

Capital

F M I S

Material Matters

Strategy

Stakeholders

KEY RISKS AND MITIGATION

DEVELOPMENT AND PRODUCT STRATEGY

Ineffective development portfolio and low demand products delivered to the market (portfolio, product, price, product cost and timing to market).

RISK TRENDS

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 return on capital due to low demand.

MITIGATION STRATEGIES

- Subjected each product developed and proposed for launch to a rigorous review process, market research insight and business case;
- 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 initiative to reduce product cost;
- Introduced Variation of Price clauses into tender requirements for major materials to manage price fluctuations of major construction materials; and
- Reviewed and revised the Annual Operating Plan ("AOP"), where required to address market changes.

IMPACTING

Capital

F M I

Material Matters

Strategy

Stakeholders

JOINT VENTURES, COLLABORATIONS AND STRATEGIC PARTNERSHIP

Misaligned investment objectives/interest, lower than expected returns, weak Joint Venture ("JV") management team and disagreements with JV Partners.

RISK TRENDS

IMPACT ON VALUE

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

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

MITIGATION STRATEGIES

- Robust assessment and due diligence carried out on new JV partners prior to entering into the JV partnership;
- Obtained sufficient external advisory in structuring the terms of JV partnership to ensure Group's rights are safeguarded;
- Active engagement in the set up of the JV, including in devising board/shareholders' reserved matters, alignment on roles and responsibilities of JV partners, preparation of business plans, human resource requirements, governance structures, key operating guiding policies, procedures, and delegated authority limits;
- Closely monitored/tracked the performance of JVs through periodic reporting/audits and representation on the Board/development committee/management of a JV Company; and
- Continued engagement with JV Partners to ensure objectives of the JVs are achieved and to mitigate/reduce disagreements.

IMPACTING

Capital

F M H I

Material Matters

Strategy

Stakeholders

KEY RISKS AND MITIGATION

TALENT AND RESOURCE MANAGEMENT

Inability to attract, maintain and retain proficient talents to execute strategies for sustainable growth.

RISK TRENDS

IMPACT ON VALUE

Deteriorating human capital due to:

- Lack of skills and competencies needed to implement Group strategies and deliver the expected performance;
- Misaligned performance measurements and targets; and
- Loss of key talents.

MITIGATION STRATEGIES

- Ensured remuneration packages are comparable to industry norms;
- Put in place a Total Rewards Framework to attract and retain competent talents;
- Succession plans in place and reviewed periodically to strengthen leadership bench strength, fast tracking high-potential talents and creating career pathways for competent performers;
- Created a clear strategy cascade, target setting and improved performance management system;
- Reviewed competency and training gaps;
- Implemented the recruitment of 'young talents' and retention strategies;
- Continuous training and support to build key expertise under major growth areas;
- Leveraged on technology to improve efficiency in managing HR-related matters through the digital HR platform, HR-On-Cloud;
- Implemented initiatives to instil a culture of a highly engaged organisation; and
- Continuous communication to ensure employees are engaged and aligned to the company's direction.

IMPACTING

Capital

H I

Material Matters

Strategy

Stakeholders

PROJECT DEVELOPMENT & EXECUTION

Development projects not delivered on time and do not meet expected returns or product quality.

RISK TRENDS

IMPACT ON VALUE

Diminishing financial capital and compromised intellectual capital due to:

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

MITIGATION STRATEGIES

- Continued to enlarge the pool of competent and experienced consultants and contractors owning good track records to support project requirements, based on a pre-qualified and pre-approved set of criteria for their performance assessment;
- Assigned dedicated and experienced project teams to monitor project performance and coordination with key stakeholders;
- Engaged with contractors to ensure appropriate actions are taken to mitigate any delay in the delivery of the projects;
- Applied and obtained Extension of Time ("EOT") for projects which were delayed due to various COVID-19 movement restrictions;
- Identified key materials that the COVID-19 supply restrictions could impact and worked with vendors/contractors on supply chain alternatives, if required, to ensure minimal disruption;
- Increased frequency and timeliness of quality audits and inspections at various stages of construction;
- Executed steps to improve project management, cost control and procurement processes; and
- Improved procurement processes and resources to ensure tenders and appointments were awarded in a timely manner.

IMPACTING

Capital

F M I

Material Matters

Strategy

Stakeholders

KEY RISKS AND MITIGATION

ENVIRONMENTAL, SAFETY & HEALTH ("ESH")

Major safety, health and/or environmental breaches at workplace and project sites.

IMPACT ON VALUE

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

- Decline in productivity and performance as a result of potential accidents, injuries and casualties;
- Significant penalties/disruptive stop-work orders imposed by authorities;
- Potential environmental harm and additional cost arising from possible claims and litigation; and
- Potential reputational damage.

MITIGATION STRATEGIES

- Initiated top management site visits focusing on ESH including engaging staff and contractors;
- Published an updated Quality, Environment, Safety and Health Group Policy and a sister policy on Environment as per the Department of Environment's guideline;
- Worked with contractor organisations to improve Reporting Culture, Hygiene at Workers' Quarters and Work at Height;
- Incorporated 2 KPI's into the Group Scorecard on compliance to Worker Quarter Hygiene Standard and Reporting Culture;
- Continued to manage ESH risks through:
  - ESH policies and procedures, trainings and campaigns such as Safety Day;
  - ESH criteria in contractual documents and development project plans;
  - ESH unscheduled and scheduled audits, including regulator's inspections and related reporting;
- Engagements with external stakeholders, customers, legislators, regulators, local communities and NGOs; and
- Continued with COVID-19 risk mitigation:
  - A Crisis Management Team comprising the Senior Management Team and representatives from various business units and support functions leading and responding to COVID-19 related issues.
  - Updated and communicated COVID-19 related SOPs through various communication channels to minimise infection risk at the workplace. The implementation and compliance required were monitored and reported on a periodic basis.
  - Tracked vaccination rates amongst employees and contractors and where possible, provided counselling to those who are vaccine sceptic.
  - Provided required Personal Protection Equipment ("PPE") such as face mask, face shields, thermal scanners and hand sanitisers to all employees at operational areas.
  - Put in place stringent "back to office" requirements such as wearing KN95 mask at all times, weekly self-testing (results to be reported to office) and application to enter office to assist in the detection and minimisation of infection at the office.
  - Launched the #SDPCares COVID-19 plan which included the distribution of care packages consisting of essential health and safety items (including oximeter, thermometer, self-test kits, KN95 masks, face shield and pharmacy voucher), as well as other support provided by the Group (such as financial assistance, quarantine leave, mobile allowance, etc.).
  - Regular cleaning and sanitisation of common areas to reduce the risk of infection.
  - Provided employees with mental health and well-being support through a digital service platform called Jalinan Nurani, where employees are given access to certified health coaches and various resources to better manage their mental, physical, and financial well-being.
- Implemented the Group's standards on occupational hygiene at construction workers' quarters that were beyond regulatory requirements and collaborated with contractors at project sites to ensure SOPs were in place and adhered to.

RISK TRENDS

IMPACTING

Capital

N H I S

Material Matters

Strategy

Stakeholders

KEY RISKS AND MITIGATION

UTILITIES SUPPLY

Inability to secure adequate water & electricity supply and connection for future projects in growing and/or new townships.

RISK TRENDS

↔

IMPACT ON VALUE

Compromised manufactured capital and diminishing financial capital due to:

- Inability to meet strategic development and growth targets;
- Inability to meet financial targets; and
- Loss of market share.

MITIGATION STRATEGIES

- Engaged with the relevant authorities and utility providers at various stages of development;
- Complied with the requirements of utility providers; and
- Assessed projected future demand for utilities to ensure the relevant infrastructure are commissioned in a timely manner.

IMPACTING

Capital

F M S

Material Matters

Strategy

Stakeholders

CYBERSECURITY

Infrastructure and systems failure or data loss arising from cyberattacks, potentially crippling core systems and controls.

RISK TRENDS

↔

IMPACT ON VALUE

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

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

MITIGATION STRATEGIES

- Deployed various infrastructure security protection solutions and Intrusion Prevention System to manage Internet/web security;
- Conducted Annual Security Posture Assessment ("SPA");
- Utilised Patch Management tool to ensure computer security patches are up to date;
- Implemented Advanced Persistent Threat ("APT"), Privileged Access Management ("PAM") and Identity Access Management ("IAM") solutions to detect and prevent targeted attacks;
- Utilised multi-layer infrastructure security protection solutions (such as Firewall, Anti-Spam/Virus) to prevent malicious threats to corporate network and data centres, as well as user computers;
- Continuous monitoring of new and potential threats that emerge in the cybersphere through Security Operations Centre ("SOC");
- Continuous promotion of Cybersecurity Awareness in the organisation to prevent employee-related security breaches and potential vulnerabilities;
- Continuous monitoring of the completion of cybersecurity improvement programmes and activities which had been identified as part of the Cybersecurity Maturity Assessment exercise; and
- Continuous improvement through the Cybersecurity Strategic Roadmap.

IMPACTING

Capital

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Material Matters

Strategy

Stakeholders

KEY RISKS AND MITIGATION

LEGAL/REGULATORY AND CONTRACTUAL COMPLIANCE

Non-compliance with local and international laws, as well as regulations and contractual obligations due to:

- Complex and voluminous laws/regulations;
- Lack of awareness of existing and new laws/regulations and case laws, and the lack of understanding of contractual provisions and impact on transactions/operations;
- Ambiguity in the interpretation/application of laws/regulations and case law; and
- Continuous changes in the COVID-19 operating requirements.

RISK TRENDS

↔

IMPACT ON VALUE

Compromised financial and intellectual capitals due to:

- Non-compliance costs arising from penalties and fines;
- Failure to meet legal/contractual obligations and potential claims/litigation;
- Additional compliance costs; and
- Potential reputational damage.

MITIGATION STRATEGIES

- Continued to instil a compliance culture within the organisation, with complementing internal processes, and providing internal and external legal support to operational teams when required;
- Maintained close collaboration and conducted effective dialogues with trade associations/regulatory bodies on emerging legal/regulatory requirements as well as industry trends and standards;
- Assigned dedicated project teams to monitor compliance with specific laws/regulations and contractual provisions;
- Defined an escalation matrix and a stringent monitoring, resolution and reporting mechanism to manage material breaches;
- Enhanced employees' knowledge on regulatory requirements through talks, trainings, and seminars by internal and external speakers; and
- In respect of COVID-19 legal risk mitigation:
  - o Constant scanning of regulatory risk arising from the COVID-19 pandemic requirements - prepared operations to meet new requirements.
  - o Engaged external legal support, various industry bodies or regulators for clarification of new requirements - provided practical feedback where required.

IMPACTING

Capital

S I F

Material Matters

Strategy

Stakeholders

COMPETITION

Business model disrupted by new and/or current entrant through new innovations (products and services) or technology advancement.

RISK TRENDS

↔

IMPACT ON VALUE

Diminishing financial capital due to:

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

MITIGATION STRATEGIES

- Maintained market watch to monitor existing and new industry entrants and technology; and
- Formed the Group's own innovation roadmap and implemented initiatives to source for and pilot new products and services that will complement the Group's business segments, namely in home design and placemaking.

IMPACTING

Capital

F I

Material Matters

Strategy

Stakeholders

BOARD COMPOSITION

DEMOGRAPHICS

2

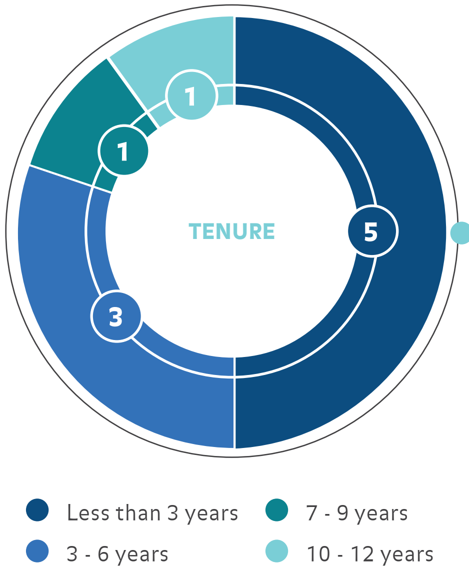
Non-Independent Non-Executive Directors (including Chairman)

7

Independent Non-Executive Directors (including Senior Independent Non-Executive Director)

1

Group Managing Director



5

Dato' Azmir Merican
Dato' Soam Heng Choon *
Mohamed Ridza Mohamed Abdulla *
Dato' Hamidah Naziadin *
Dr. Lisa Lim Poh Lin *

3

Rizal Rickman Ramli *(Chairman)*
Dato' Seri Ahmad Johan Mohammad Raslan *
Datin Norazah Mohamed Razali*

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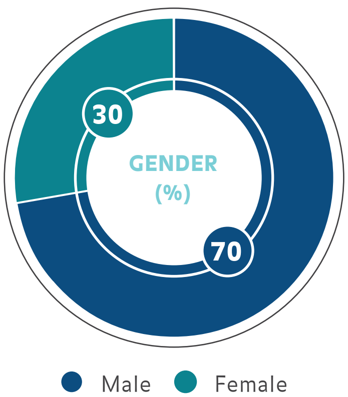
Dato' Jaganath Derek Steven Sabapathy *

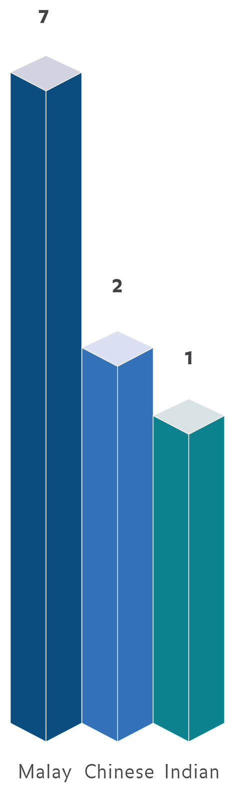
1

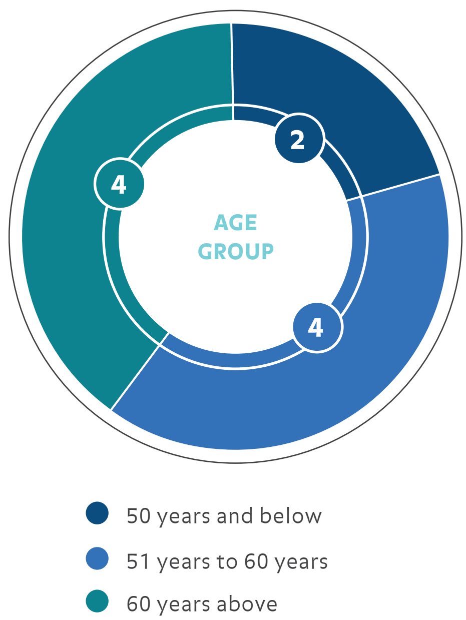
Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj

** Independent Directors*



ETHNICITY





BOARD OF DIRECTORS' PROFILES

RIZAL RICKMAN RAMLI
Non-Independent Non-Executive Chairman

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Male/44/Malaysian	5 April 2018	3 years 11 months	100%

PRESENT DIRECTORSHIP(S)

Other Listed Entity(ies)
- Nil

Other Public Company(ies)
- MIDF Property Berhad
- Villea Rompin Berhad

PRESENT APPOINTMENT(S)

- Chief Investment Officer, Real Estate, Permodalan Nasional Berhad

PAST RELEVANT EXPERIENCE

- **August 2001 - February 2018** - Held various positions in Boston Consulting Group including Country Managing Partner

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 being a Nominee Director of Permodalan Nasional Berhad.
- He has not been convicted for 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 2021.

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

* For all Board and Board Committee meetings held in FY2021. For further details, please refer to page 176.

KEY COMMITTEES

NRC Nomination and Remuneration Committee
AC Audit Committee
RMC Risk Management Committee
BTC Board Tender Committee
Chairman
Member

BOARD OF DIRECTORS' PROFILES

DATO' AZMIR MERICAN
Group Managing Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Male/51/Malaysian	22 April 2020	1 year 11 months	100%

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)

- Nil

PAST RELEVANT EXPERIENCE

- **August 2014 - April 2020** - Managing Director/Chief Executive Officer, UEM Edgenta Berhad
- **February 2014 - July 2014** - Executive Director, UEM Edgenta Berhad
- **October 2012 - July 2014** - Group Chief Operating Officer, Business Units, UEM Group Berhad
- **2007 - 2012** - Group Chief Executive Officer/ Managing Director, AWC Berhad
- **2003 - 2007** - Various positions held in CIMB Investment Bank Berhad
- **1997 - 2002** - Consultant/Senior Consultant, PricewaterhouseCoopers
- **1995 - 1997** - Investment Analyst/Senior Investment Analyst, Maybank Group

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 not been convicted for 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 2021.

KEY COMMITTEES

NRC Nomination and Remuneration Committee | AC Audit Committee | RMC Risk Management Committee | BTC Board Tender Committee | Chairman | Member

BOARD OF DIRECTORS' PROFILES

DATO' JAGANATH DEREK STEVEN SABAPATHY

Senior Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director
Male/64/Malaysian	28 March 2014	*(as at 24 March 2022)* 7 years 11 months

Meeting Attendance*

100%

PRESENT DIRECTORSHIP(S)

Other Listed Entity(ies)

- Deputy Chairman, Microlink Solutions Berhad
- Director, Omesti Berhad
- Director, Principal Asset Management Berhad

Other Public Company(ies)

- Nil

PRESENT APPOINTMENT(S)

- Founder and Chief Executive Officer, Tribeca Real Estate Asset Management Sdn Bhd
- Director, Ho Hup Ventures (KK) Sdn Bhd and Golden Wave Sdn Bhd, subsidiary and associate of Ho Hup Construction Company Berhad

PAST RELEVANT EXPERIENCE

- **1999-2013** - Chief Executive Officer/Director, Bandar Raya Developments Berhad
- **1999-2013** - Director, Mieco Chipboard Berhad
- **1997-1999** - Managing Director, Prime Utilities Berhad
- **1997-1999** - Managing Director, Indah Water Konsortium Sdn Bhd
- **1995-1997** - Director, Austral Lao Power Co. Ltd
- **1994-1995** - Executive Director, Benta Plantation Berhad
- **1984-1994** - Various positions held in KPMG Peat Marwick
- **1981-1984** - Chartered Accountant, Price Waterhouse London, United Kingdom

ACADEMIC QUALIFICATION(S)

- Master of Arts in Corporate Finance and International Trade, Edinburgh University, United Kingdom

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 not been convicted for 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 2021.

* *For all Board and Board Committee meetings held in FY2021. For further details, please refer to page 176.*

BOARD OF DIRECTORS' PROFILES

TENGKU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ

Non-Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*
Male/66/Malaysian	31 December 2010	11 years 2 months

Meeting Attendance*

100%

ACADEMIC QUALIFICATION(S)

- Diploma in Business Administration, Universiti Teknologi MARA

PRESENT DIRECTORSHIP(S)

Other Listed Entity(ies)

- Chairman, DutaLand Berhad
- 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
- Director, City Properties Sdn Bhd, Red Giant Sdn Bhd

PAST RELEVANT EXPERIENCE

- **2008-2010** - Member (Supervisory Committee and Audit Committee – Property Division), Sime Darby Berhad
- **2005-2014** - Director, Melewar Industrial Group Berhad
- **1987-2013** - Non-Executive Chairman, Sime Darby Medical Centre Subang Jaya Sdn Bhd
- **1987-2007** - Director, Tractors Malaysia Holdings Berhad
- **1983-1987** - Director, Sime UEP Properties Berhad
- **1978-2000** - Director, TTDI Development Sdn Bhd and various listed and private companies
- **1974-1981** - Broker, Charles Bradburne (1930) Sdn Bhd

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 not been convicted for 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 2021.

KEY COMMITTEES

NRC Nomination and Remuneration Committee | AC Audit Committee | RMC Risk Management Committee | BTC Board Tender Committee | Chairman | Member

BOARD OF DIRECTORS' PROFILES

DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN

Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Male/62/Malaysian	12 July 2017	4 years 8 months	100%

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)
- Nil

PRESENT APPOINTMENT(S)

- Board Member, Institute of Corporate Directors Malaysia ("ICDM")
- Board Member, Audit Oversight Board - Securities Commission Malaysia

PAST RELEVANT EXPERIENCE

- **2014-2019** - Non-Executive Director, Eco World International Berhad
- **2016-2017** - Non-Executive Director, AMMB Holdings Berhad
- **2014-2016** - Senior Advisor and Director, AMMB Holdings Berhad
- **2010-2012** - Board Member, Kumpulan Wang Persaraan (Diperbadankan)
- **2009-2012** - Member, Financial Stability Executive Committee, Bank Negara Malaysia
- **2008-2012** - Trustee, Yayasan Sultan Azlan Shah
- **2005-2012** - Board Member and Audit Committee Chairman, Putrajaya Corporation
- **2004-2012** - Member, International Advisory Panel of the Labuan Financial Services Authority
- **2003-2009** - Chairman, Financial Reporting Foundation
- **1992-2012** - Held various positions in PricewaterhouseCoopers Malaysia and retired as Executive Chairman
- **1990-1992** - Manager and Senior Manager, Price Waterhouse London, United Kingdom
- **1981-1990** - Robson Rhodes Chartered Accountants, United Kingdom

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 not been convicted for 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 2021.

* *For all Board and Board Committee meetings held in FY2021. For further details, please refer to page 176.*

BOARD OF DIRECTORS' PROFILES

DATIN NORAZAH MOHAMED RAZALI

Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Female/51/Malaysian	12 July 2017	4 years 8 months	100%

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

PRESENT APPOINTMENT(S)

- Independent Director, Cradle Fund Sdn Bhd
- Investment Panel Member, Penjana Kapital Sdn Bhd
- Senior Advisor (Public Sector Practice), Boston Consulting Group

PAST RELEVANT EXPERIENCE

- **2000-2017** - Held various positions in Boston Consulting Group, including Partner and Managing Director and member of Boston Consulting Group's Southeast Asia Executive Leadership
- **1999-2000** - Consultant, Booz, Allen & Hamilton, Singapore
- **1994-1997** - Solicitor, Sidek, Teoh, Wong & Dennis

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 not been convicted for 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 2021.

ACADEMIC QUALIFICATION(S)

- Master of Business Administration, 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

KEY COMMITTEES

NRC Nomination and Remuneration Committee | AC Audit Committee | RMC Risk Management Committee | BTC Board Tender Committee | Chairman | Member

BOARD OF DIRECTORS' PROFILES

DATO' SOAM HENG CHOON

Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Male/62/Malaysian	1 July 2020	1 year 8 months	100%

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

PRESENT APPOINTMENT(S)

- President, Real Estate and Housing Developers' Association ("REHDA") Malaysia
- Board Member, Construction Industry Development Board ("CIDB")

PAST RELEVANT EXPERIENCE

- **April 2015 - August 2019** - Managing Director and Chief Executive Officer, IJM Corporation Berhad
- **April 2009 - April 2015** - Managing Director and Chief Executive Officer, IJM Land Berhad
- **2004 - April 2009** - Executive Director, RB Land Holdings Berhad (now known as IJM Land Berhad)
- **November 1989 - 2003** - Held various positions in Road Builder (M) Sdn Bhd, including Senior Engineer and Executive Director

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 not been convicted for 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 2021.

* *For all Board and Board Committee meetings held in FY2021. For further details, please refer to page 176.*

BOARD OF DIRECTORS' PROFILES

MOHAMED RIDZA MOHAMED ABDULLA
Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Male/52/Malaysian	1 July 2020	1 year 8 months	100%

ACADEMIC QUALIFICATION(S)

- Bachelor of Laws, International Islamic University Malaysia

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 DIRECTORSHIP(S)

Other Listed Entity(ies)
- KPJ Healthcare Berhad
- Bank Islam Malaysia Berhad

Other Public Company(ies)
- BIMB Investment Management Berhad

PRESENT APPOINTMENT(S)

- Managing Partner, Messrs Mohamed Ridza & Co
- Board Member, OIC Arbitration Centre, Istanbul, Turkey

PAST RELEVANT EXPERIENCE

- **2000-2005** - Partner, Messrs Zaid Ibrahim & Co
- **1998-2000** - General Legal Counsel, Technip Asia Pacific
- **1996-1998** - Group Legal Adviser, Arab Malaysian Corporation Berhad
- **1993-1996** - Solicitor, Messrs Rashid & Lee

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 not been convicted for 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 2021.

KEY COMMITTEES

NRC Nomination and Remuneration Committee | AC Audit Committee | RMC Risk Management Committee | BTC Board Tender Committee | Chairman | Member

BOARD OF DIRECTORS' PROFILES

DATO' HAMIDAH NAZIADIN
Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Female/58/Malaysian	1 October 2021	5 months	100%

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 (M) 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

PAST RELEVANT EXPERIENCE

- **October 2013 - October 2020** - Group Chief People Officer of CIMB Group
- **May 2016 - October 2020** - Chief Executive Officer of CIMB Foundation
- **August 2010 - September 2014** - Member of the Board of Commissioners and the NRC of PT Bank Niaga Tbk, Indonesia
- **August 2001 - September 2013** - Head of Group Corporate Resources, CIMB Group
- **February 1991 - July 2001** - Head of Human Resources of CIMB Securities Sdn Bhd
- **January 1983 - January 1991** - Personnel Officer with Pacific Bank Berhad

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 not been convicted for 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 2021.

* For all Board and Board Committee meetings held in FY2021. For further details, please refer to page 176.

BOARD OF DIRECTORS' PROFILES

DR. LISA LIM POH LIN
Independent Non-Executive Director

Gender/Age/Nationality	Date of Appointment	Length of Tenure as Director *(as at 24 March 2022)*	Meeting Attendance*
Female/45/Malaysian	1 October 2021	5 months	100%

ACADEMIC QUALIFICATION(S)

- Doctor of Philosophy (PhD), Masters and Bachelor in Engineering, University of Cambridge, United Kingdom

PROFESSIONAL QUALIFICATION/MEMBERSHIP(S)

- Chartered Financial Analyst

PRESENT DIRECTORSHIP(S)

Other Listed Entity(ies)
- Nil

Other Public Company(ies)
- Nil

PRESENT APPOINTMENT(S)

- Partner and Fund Manager, Prusik Investments Management LLP
- Investment Committee Member of CFA UK

PAST RELEVANT EXPERIENCE

- **2020** - Senior Advisor, Prusik Investments
- **2018-2020** - Independent Non-Executive Director, Axiata Group
- **2007-2018** - Fund Manager, Columbia Threadneedle, London
- **2005-2006** - Instructor and Assistant Professor, National University of Singapore
- **2001-2002** - Associate Consultant, Boston Consulting Group
- **2000** - Investment Bank Analyst, Morgan Stanley Dean Witter

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 not been convicted for 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 2021.

* *For all Board and Board Committee meetings held in FY2021. For further details, please refer to page 176.*

KEY COMMITTEES

NRC Nomination and Remuneration Committee | AC Audit Committee | RMC Risk Management Committee | BTC Board Tender Committee | Chairman | Member

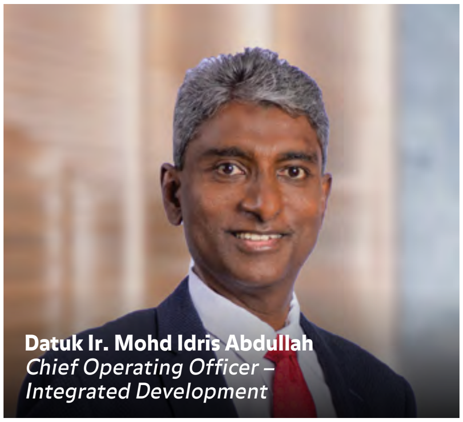
EXECUTIVE LEADERSHIP


Dato' Azmir Merican
Group Managing Director

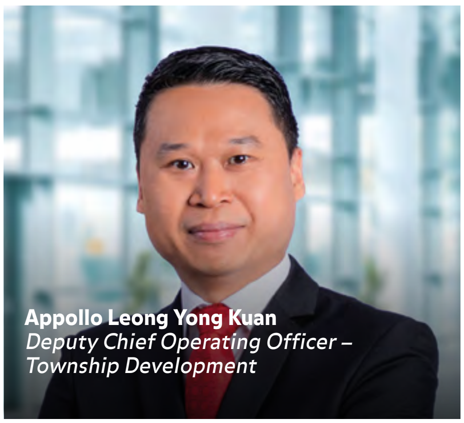

Betty Lau Sui Hing
Group Chief Financial Officer


Ir. Mohd Sohimin Mohd Alayedin
Chief Operating Officer – Township Development

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE


Datuk Ir. Mohd Idris Abdullah
Chief Operating Officer – Integrated Development


Abdul Aziz Abdul Rasheed
Chief Operating Officer – Investment & Asset Management


Appollo Leong Yong Kuan
Deputy Chief Operating Officer – Township Development


Datuk Lai Shu Wei
Chief Marketing & Sales Officer

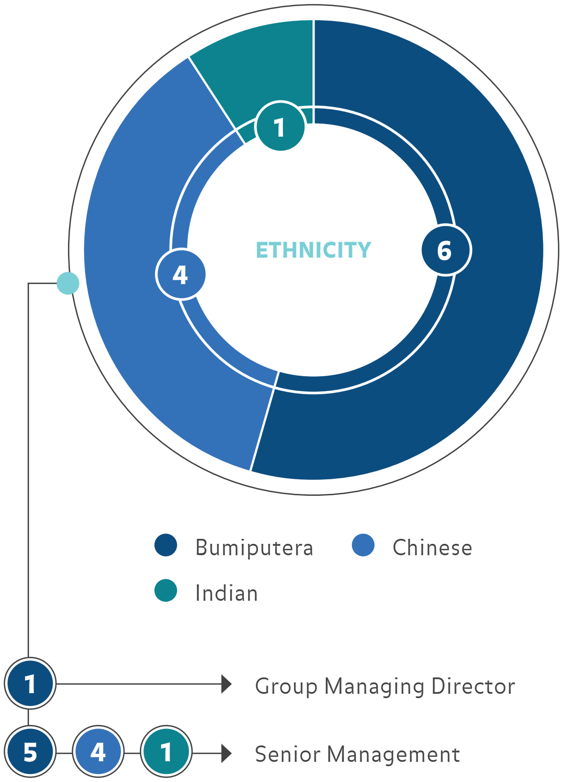

Michelle Ann Iking
Chief People Officer

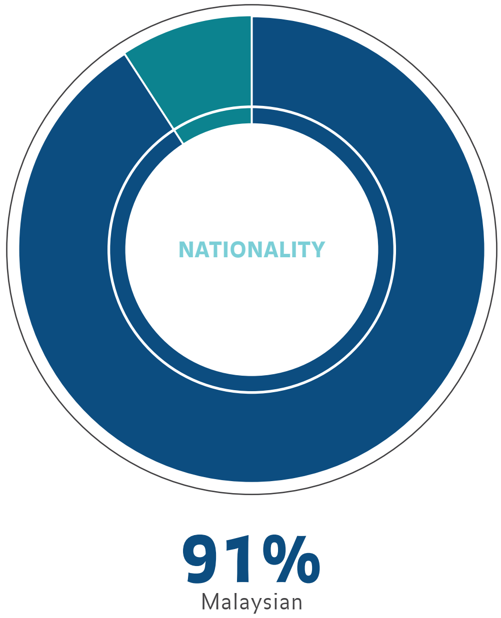

Noreen Melini Muzamli
Group Company Secretary

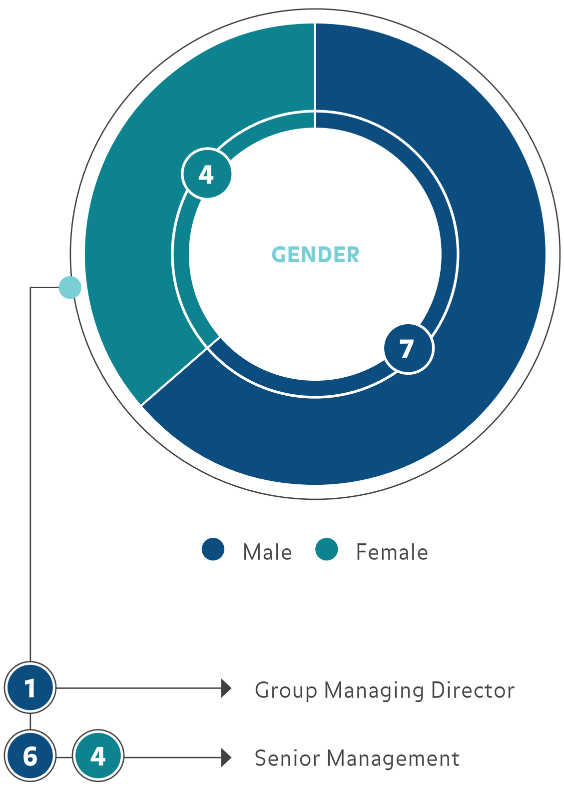

Tang Ai Leen
Chief Risk, Integrity & Compliance Officer

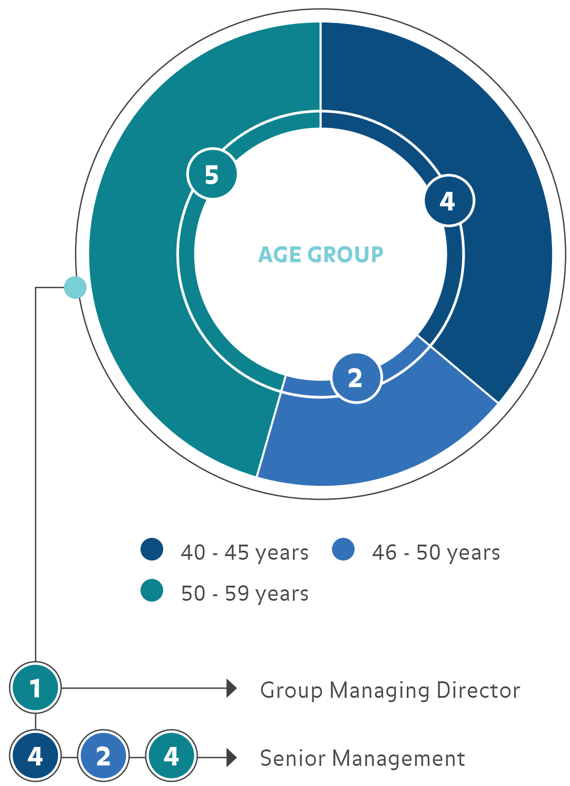

Aravindan K. Devapalan
Chief Assurance Officer

EXECUTIVE LEADERSHIP COMPOSITION









EXECUTIVE LEADERSHIP PROFILES

	DATO' AZMIR MERICAN *Group Managing Director*	**BETTY LAU SUI HING** *Group Chief Financial Officer*	**IR. MOHD SOHIMIN MOHD ALAYEDIN** *Chief Operating Officer – Township Development*
AGE/GENDER/ NATIONALITY	51, Male, Malaysian	59, Female, Non-Malaysian (Permanent Resident of Malaysia)	54, Male, Malaysian
DATE JOINED	22 April 2020	3 December 2018	1 April 2020
ACADEMIC/ PROFESSIONAL QUALIFICATION(S)	• Bachelor's Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America	• Associate of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") • Fellow Member of the Chartered Association of Certified Accountants, United Kingdom ("FCCA") • Member of the Malaysia Institute of Accountants	• 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	• Nil	• Nil
WORKING EXPERIENCE	For details of Dato' Azmir Merican's profile, please refer to page 156 of this Annual Report.	• 2018: Chief Financial Officer, Malaysia Land Group of Companies • 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	• 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 Director and/or Major Shareholder**
  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 2021

EXECUTIVE LEADERSHIP PROFILES

	DATUK IR. MOHD IDRIS ABDULLAH *Chief Operating Officer – Integrated Development*	**ABDUL AZIZ ABDUL RASHEED** *Chief Operating Officer – Investment & Asset Management*	**APPOLLO LEONG YONG KUAN** *Deputy Chief Operating Officer – Township Development*
AGE/GENDER/ NATIONALITY	53, Male, Malaysian	45, Male, Malaysian	43, Male, Malaysian
DATE JOINED	1 February 2012	3 January 2022	3 October 2011
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	• Master of Business Administration, Imperial College London, United Kingdom • Bachelor of Engineering (Hons) in Electrical & Electronic Engineering, University of Hertfordshire, United Kingdom • Project Management Professional ("PMP"), Project Management Institute ("PMI"), United States of America • Certified Planning Engineer, American Academy of Project Management, United States of America	• 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	• Nil
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	• 2020 – 2021: Chief Executive Officer, AmanahRaya REIT • 2017 – 2020: Senior Manager, Investment Projects, AREA Management • 2013 – 2017: Head of Engineering, AXIS REIT Managers Berhad • 2009 – 2013: Business Development & Programme Manager, Puncak Teknologi (M) Sdn Bhd • 2008 – 2009: Associate Analyst, Upstream Competition Service, PFC Energy Malaysia • 2005 – 2008: General Manager/ Business Development Manager, SOA Malaysia • 1999 – 2004: Project Manager/ Senior Spacecraft Engineer, Astronautic Technology Sdn Bhd (South Korea & Malaysia)	• 2020: 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

- **Family Relationship with Director and/or Major Shareholder**
  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 2021

EXECUTIVE LEADERSHIP PROFILES

DATUK LAI SHU WEI *Chief Marketing & Sales Officer*	**MICHELLE ANN IKING** *Chief People Officer*	**NOREEN MELINI MUZAMLI** *Group Company Secretary*
49, Male, Malaysian	45, Female, Malaysian	45, Female,Malaysian
1 April 2021	2 August 2021	17 August 2021
• Bachelor of Science in Business Administration, Tri-State University, United States of America	• Bachelor's Degree in Electrical Engineering, University of Sydney, Australia	• Bachelor of Laws (Hons), University of Bristol, United Kingdom • Licensed Secretary by the Companies Commission of Malaysia • Certificate of Legal Practice, Brickfields College
• Nil	• Nil	• Nil
• 2020 – 2021: Vice President & Head of Marketing, Commercial Division, Telekom Malaysia Berhad • 2013 – 2014: Group Chief Marketing Officer & Head of Analytics, Standard Chartered Bank 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	• 2020 – 2021: Chief People Officer, SelfDrvn Enterprise • 2013 – 2019: Head of Talent, Learning and Performance, Citibank Malaysia • 2007 – 2010: General Manager, Marketing & Corporate Communications, Tune Hotels Regional Services Sdn Bhd • 2004 – 2007: Director of Communications, Sutera Harbour Resort • 2003 – 2004: Client Relationship Manager, Haveli Sdn Bhd • 2000 – 2003: Technical Support Engineer, Lucent Technologies	• 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 Director and/or Major Shareholder**
  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
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  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 2021

EXECUTIVE LEADERSHIP PROFILES

	TANG AI LEEN *Chief Risk, Integrity & Compliance Officer*	**ARAVINDAN K. DEVAPALAN** *Chief Assurance Officer*
AGE/GENDER/ NATIONALITY	51, Female, Malaysian	49, Male, Malaysian
DATE JOINED	24 November 2017	5 March 2018
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	• Chartered Association of Certified Accountants ("ACCA") • Fellow Member of the Chartered Association of Certified Accountants ("ACCA") • Member of Malaysian Institute of Accountants
PRESENT DIRECTORSHIP(S) IN LISTED ENTITY/ OTHER PUBLIC COMPANIES	• Nil	• 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 Director, KPMG Consulting Services Sdn Bhd	• 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)

- **Family Relationship with Director and/or Major Shareholder**
  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 2021

ORGANISATION STRUCTURE

GROUP MANAGING DIRECTOR
Dato' Azmir Merican

BOARD OF DIRECTORS AND COMMITTEES

BUSINESS SEGMENTS

CHIEF OPERATING OFFICER – TOWNSHIP DEVELOPMENT
Ir. Mohd Sohimin Mohd Alayedin

CHIEF OPERATING OFFICER – INTEGRATED DEVELOPMENT
Datuk Ir. Mohd Idris Abdullah

CHIEF OPERATING OFFICER – INVESTMENT & ASSET MANAGEMENT
Abdul Aziz Abdul Rasheed

GENERAL MANAGER, LEISURE
Steven Tan Poh Gan

DEPUTY CHIEF OPERATING OFFICER – TOWNSHIP DEVELOPMENT
Appollo Leong Yong Kuan

CORPORATE SUPPORT

GROUP CHIEF FINANCIAL OFFICER
Betty Lau Sui Hing

CHIEF MARKETING & SALES OFFICER
Datuk Lai Shu Wei

CHIEF PEOPLE OFFICER
Michelle Ann Iking

SENIOR GENERAL MANAGER, COST & CONTROL
Frederick Lee Heng Meng

GENERAL MANAGER, CORPORATE PLANNING & DEVELOPMENT
Aurelia Lee

GENERAL MANAGER, SAFETY & SUSTAINABILITY
Mohd Razif Mohd Yusoff

HEAD, GROUP CORPORATE COMMUNICATIONS
Hafiz Noor

HEAD, LEGAL
Ainal Marlinda Md Said

GENERAL MANAGER, TRANSFORMATION OFFICE
Jordan Ng Seah Hee

GENERAL MANAGER, DIGITAL & INFORMATION TECHNOLOGY
Stevensan Innasimuthu

GROUP COMPANY SECRETARY
Noreen Melini Muzamli

CHIEF RISK, INTEGRITY & COMPLIANCE OFFICER
Tang Ai Leen

CHIEF ASSURANCE OFFICER
Aravindan K. Devapalan

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP & PURPOSE

Chairman's Introduction

On behalf of the Board I am pleased to introduce the Corporate Governance Overview Statement for the year ended 31 December 2021. 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 this year.

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 value and importance of good 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 Group, guided by the updated principles and best practices as set out in the Malaysian Code of Corporate Governance published by the Securities Commission of Malaysia in April 2021 ("MCCG 2021").

FRAMEWORKS APPLIED:

- MCCG 2021
- Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia")
- Corporate Governance Guide 4th Edition issued by Bursa Malaysia
- Companies Act 2016 ("CA 2016")

MCCG 2021 PRINCIPLES:

PRINCIPLE A
Board Leadership and Effectiveness

PRINCIPLE B
Effective Audit and Risk Management

PRINCIPLE C
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

CONTINUED COVID-19 RESPONSE

The Board's primary concern has been to keep our employees safe, support our customers and partners, and serve the wider community by doing our part to protect the nation. Although the Board was unable to meet in person regularly, we continued to hold regular meetings to discuss the impact on the business and oversee the Group's continued response to the pandemic. The Group introduced a range of health and safety measures to ensure the wellbeing of our employees and customers. Hence, thorough risk assessments were conducted prior to increasing capacity of staff returning to offices in order to serve customers, operational and project demands.

ACCOUNTABILITY AND RISK

The Board understands that to ensure the long-term success and resilience of the Group, long-term decisions must be taken and risks and opportunities in the short and long-term must be assessed and, where required, mitigated. The Board maintains regular oversight of the principal and emerging risks facing the Group and the controls in place and the risk appetite of the Group, with a formal annual review. An important emerging risk the Board is considering in the short and long-term is climate change and other related environmental and social issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TALENT AND DIVERSITY

The Board is mindful of diversity and we believe that a diverse company (in all regards, not just gender) provides a balanced and effective organisation. The Board is represented by a range of industry experience and personal strengths, the Board consisted of three (3) women and seven (7) men. Further details of their skills and experience can be found on pages 155 to 164. The Board is committed to ensuring it and our wide employee base remains diverse. As an equal opportunities employer, we are committed to encouraging diversity and eliminating discrimination in our role as an employer and to achieving and maintaining a workforce that broadly reflects the communities in which we operate.

BOARD EFFECTIVENESS

Similar to the past three (3) years, the Board and the Board Committees' effectiveness evaluation was undertaken by an external independent consultant. There was positive feedback on the way the Board is working together and implementing decisions. It was evident that Board dynamics have created a balance of skills and experience with a shared understanding of the way forward, constructive challenge and high levels of trust. Further details on the outcome of the valuation can be found on page 182.

STAKEHOLDER ENGAGEMENT

The Board has always sought to engage with and understand the views of our key stakeholders and consider their interests in decision-making. The reporting requirements in this area have increased the emphasis on stakeholders' interests. We recognise that stakeholder engagement is critical to the long-term success of our business. Our aim is to develop the practice of considering stakeholder voices in discussions and decision-making not only at Board level but across the organisation.

The Board strongly believes that good governance is a key part of the strength of our business and that by continually reviewing and monitoring our existing practices we can ensure that our governance evolves alongside our changing business. As the Sime Darby Property Group ("the Group") grows and develops, we will continue to focus on our values and culture and to ensure that as a business we innovate and find new solutions to the challenges faced.

AWARDS AND ACCOLADES

National Annual Corporate Report Awards "NACRA" 2021

Category: Companies with RM2 billion to RM10 billion in Market Capitalisation Category – Silver for the 2020 Annual Report

MSWG-ASEAN Corporate Governance Award 2020

Category: Industry Excellence Award

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

THE ROLE OF THE BOARD AND ITS COMMITTEE

THE BOARD

Considers the balance of interests between stakeholders for the long-term success of the Group	Oversees the Group's governance	Sets Group strategy	Oversees alignment of the Group's purpose, culture and values, strategy and risk appetite

Principle Board Activities page 175 | Division of Responsibilities page 176 | Our Board on pages 155 to 164

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Reviews the composition and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board.

Reviews the 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.

RISK MANAGEMENT COMMITTEE ("RMC")

Oversees the risks management framework and policies within the Group and reviews the efficacy of internal controls within the Group, as well as Group's objectives, strategy, policies and practices pertaining to sustainability which comprise contributing to better society, combating climate change and delivering sustainable development.

AUDIT COMMITTEE ("AC")

Oversees 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.

BOARD TENDER COMMITTEE ("BTC")

Oversees 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, and Group Procurement Policies and Authorities.

The terms of reference of the Board Committees are available on the Group's website at https://www.simedarbyproperty.com/who-we-are/corporate-governance

GROUP MANAGING DIRECTOR

Leads the business and is responsible for its day-to-day management.

MANAGEMENT

The Management is given certain powers to execute transactions under the Group Policies and Authorities, 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.

PRINCIPLE BOARD ACTIVITIES IN 2021

At every scheduled Board meeting, the Board receives an update from the Senior Management and the Group Company Secretary on financial matters, operational and strategic activities and governance. The table below provides examples of significant matters discussed in the financial year ended ("FYE") 31 December 2021.

Topic	Activity and Outcome
Strategic Growth and Sustainability Agenda	• Reviewed and approved the proposed Corporate Direction and Priorities for Financial Year 2022 to 2024, presented by all Heads of Business Units and key Departments at the 2022 Board Strategy Retreat held in November 2021. • Received quarterly reports by the Group Managing Director ("GMD"), comprising status updates of the Corporate Priorities of the Group. • Reviewed the proposed Sustainability Strategy. • Received quarterly report on Health, Safety, Security and Environment of the Group.
Financial and Business Performance	• Reviewed and approved the Audited Financial Statements for FYE 31 December 2020. • Reviewed and approved the Quarterly Results and Quarterly Press Releases for announcement to Bursa Malaysia. • Reviewed and approved the Global Statutory Audit Fees for the Financial Year Ending 2022. • Approved the Interim Dividend for the FYE 31 December 2021. • Approved report/contents of the Annual Report for FY2020, comprising the Corporate Governance ("CG") Overview Statement and CG Report. • Reviewed and approved the proposed Industrial Development Fund. • Received quarterly updates on the progress of Battersea project. • Received quarterly Investor Relations report. • Received the summary of changes in accounting practices. The Board received updates on all matters discussed at the AC meetings as set out in the AC Report on page 191.
Governance, Integrity and Risks	• Approved amendments to the Board Charter and Terms of Reference of the AC, NRC and RMC to align to the MCCG 2021 and market best practices. • Reviewed the results and findings of the Board Effectiveness Evaluation ("BEE") for FY2020. • Noted Minutes of Board Committee Meetings and received updates from Chairman of respective Board Committees. • Reviewed the proposed Digital and IT Blueprint. • Reviewed quarterly reports on Related Party Transactions ("RPT"). • Reviewed proposals deemed to be RPT. • Reviewed the Circular to Shareholders in relation to renewal of shareholders' mandate for existing Recurrent RPT of revenue or trading nature. • Assessed the independence of its Independent Directors. • Reviewed the agenda outline of Board and Board Committees' meetings for 2022. The Board received updates on all matters discussed at the RMC meetings as set out in the RMC Report on page 195.
People, Leadership and Succession Planning	• Reviewed the retirement of Directors by rotation and eligibility for re-election and recommended their re-election at the 48th AGM. • Reviewed and approved changes to the composition of Board and Board Committees. • Reviewed and approved the Performance Scorecards for Corporate/GMD and GMD-1s for FY2020 and scorecard setting for FY2021. • Reviewed and approved appointment and contract renewal of key critical positions. • Reviewed the proposed Purpose, Vision and Mission Statements. • Reviewed the trainings attended by Directors.
Remuneration Matters	• Reviewed and recommended the NEDs' Fees and Benefits for shareholders' approval at the 48th AGM. • Reviewed and approved the revisions to the salary and benefits of the Group's employees. • Approved salary increment and promotions for the Group's employees for FY2021. The Board received updates on all matters discussed at the NRC meetings as set out in the NRC Report on page 183.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

DIVISION OF RESPONSIBILITIES & ROLES OF THE DIRECTORS AND THEIR COMMITTEE MEMBERSHIPS

All directors had attended all Board and Board Committees' meetings held in year 2021.

Notes:
(1) Appointed as Chairman on 7 May 2021 and relinquished his role as Member of the NRC, RMC and BTC on the same date.
(2) Retired upon the conclusion of 48th Annual General Meeting ("AGM") held on 6 May 2021.
(3) Appointed as BTC Member on 25 March 2021.
(4) Appointed as a Board and NRC Member on 1 October 2021.
(5) Appointed as a Board and RMC Member on 1 October 2021.

	NUMBER OF MEETINGS				
	BOARD	AC	NRC	RMC	BTC
CHAIRMAN					
Rizal Rickman Ramli (1)	9/9	-	2/2	1/1	2/2
• Conducts meetings of the Board and shareholders and ensures that they are properly briefed at their respective meetings. • 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.					
Tan Sri Dr. Zeti Akhtar Aziz (2)	3/3	-	-	-	-
GROUP MANAGING DIRECTOR					
Dato' Azmir Merican	10/10	6/6	8/8	4/4	5/5
• 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. • Regularly reviews the performance of the heads of divisions and departments who are responsible for all functions contributing to the success of the Group.					
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR ("SID")					
Dato' Jaganath Derek Steven Sabapathy	10/10	6/6	-	4/4	5/5
• 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 Chairman.					
NON-EXECUTIVE DIRECTORS					
INDEPENDENT					
Dato' Seri Ahmad Johan Mohammad Raslan	10/10	6/6	7/7	-	5/5
Datin Norazah Mohamed Razali	10/10	6/6	8/8	-	-
Dato' Soam Heng Choon (3)	10/10	-	8/8	4/4	4/4
Mohamed Ridza Mohamed Abdulla	10/10	6/6	-	4/4	-
Dato' Hamidah Naziadin (4)	3/3	-	2/2	-	-
Dr. Lisa Lim Poh Lin (5)	3/3	-	-	1/1	-
NON-INDEPENDENT					
YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	10/10	-	-	4/4	5/5
• 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.					

Governance

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.

The Group Company Secretary plays an advisory role to the Board particularly with regard to the Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.

The Group Company Secretary is responsible in facilitating effective information flows within the Board and Board Committees and between Senior Management and the Board. All Directors have unrestricted direct access to the advice and services of the Group Company Secretary to facilitate the discharge of their duties.

The Group Company Secretary attends all Board and Board Committees meetings and ensures that discussions and deliberations of the Board and Board Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions.

The Group Company Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.

Pertinent comments and observations of each Director are recorded in the minutes of meetings which are circulated to all Directors and members of the Board Committees for their perusal and comments. The minutes of the Board Committee meetings are also tabled to the Board for notation.

The Group Company Secretary is tasked with organising and facilitating the induction programme or onboarding session for new Directors and the ongoing professional development of all Directors.

The Group Company Secretary keeps herself abreast of the evolving regulatory changes and developments in corporate governance through continuous training.

Based on the findings of the BEE conducted for the financial year under review, the Board commended the effectiveness of the Board administration and processes. The Board is satisfied with the performance and strong support rendered by the Group Company Secretary to the Board in discharging their functions in the financial year under review. The roles and responsibilities of the Group Company Secretary are clearly specified in the Board Charter.

Noreen Melini Muzamli was appointed as Group Company Secretary on 17 August 2021. She is a Bachelor of Laws (Hons) graduate from the University of Bristol, United Kingdom.

She is a certified legal practitioner and licensed company secretary with close to 20 years of working experience in several public listed companies from various sectors.

DIVISION OF RESPONSIBILITIES

There is clear division between executive and non-executive responsibilities which ensures accountability and oversight. During the financial year under review, the NEDs, led by the Chairman, met once without the presence of the Executive Director and Management. 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 Corporate Governance section.

RESPONSIBILITY AND DELEGATION

The Board meets at least once in 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 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 Malaysia. 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 to 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. Effectively 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. Directors must

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

immediately declare if they have any interest in transactions that are to be entered directly or indirectly with Sime Darby Property or the Group. They must disclose the extent and nature of their interests at a Board meeting or as soon as practicable after they become aware of the potential conflict of interest. A Director must also abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at Board meetings held during the year.

Although some Directors hold multiple directorships, they managed to commit and devote their time for the Board/Board Committee meetings.

The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities.

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 were appointed to other boards.

During the financial year under review, the Board met ten (10) times, five (5) of which were scheduled meetings. All Directors achieved full attendance during the financial year under review. Due to the COVID-19 pandemic, all meetings of the Board and Board Committees were held virtually via Microsoft Teams platform. All Directors complied with the minimum requirements on attendance of at least 50.0 percent at Board meetings pursuant to Paragraph 15.05(3)(c) of the Listing Requirements.

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 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 GMD is the Chairman of the GMC and the current members include the Senior Management team. Heads of departments 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 five (5) times during the financial year under review.

GOVERNANCE OVERSIGHT MANAGEMENT COMMITTEE	GROUP TENDER COMMITTEE	GROUP INVESTMENT COMMITTEE
Management established a Governance Oversight Management Committee ("GOMC") to drive, manage and monitor the implementation of Governance, Risk and Compliance Framework within the Group. The GMD is the Chairman of the GOMC. The GOMC met four (4) times during the financial year under review.	The Group Tender Committee ("GTC") reviews Tender Evaluation Reports/Single Source Appointment for tenders with a value of between RM5 million and RM50 million. The GMD is the Chairman of the GTC. The GTC met ten (10) times during the financial year under review.	The Group Investment Committee ("GIC") reviews and recommends major investment and capital expenditure proposals for tabling to the Board in accordance with the Group Policies and Authorities. The GMD is the Chairman of the GIC.

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 an impregnable 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.

The Board has three (3) women Directors, which constitutes 30.0 percent of the Board's composition. This is in line with the recommended Practice 5.9 of the MCCG 2021.

DIRECTORS' INDEPENDENCE

It is important for the Board to assess the independence of its Independent Non-Executive Directors ("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 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.

The Board performed an internal assessment on the independence of the Independent NEDs in office for the financial year under review. 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 as a whole.

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 during the financial year under review.

Following the amendment to the Listing Requirements on the enhancement of the definition of Independent Directors, the cooling-off period for the appointment of Independent Directors and specific person has been revised from two (2) to three (3) years and includes an existing or former officer, adviser or transacting party of Sime Darby Property or its related corporation.

SUCCESSION PLAN

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. Such a structured succession plan addresses the composition and effectiveness of the Board or otherwise. The Board believes that the membership and composition of the Board should be assessed from time to time, while ensuring continuity in meeting the Group's long-term goals and objectives.

The NRC in September 2020 with the assistance of an external consultant, reviewed Sime Darby Property's 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 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.

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A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD INDUCTION AND PROFESSIONAL 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 and guidance and training, as appropriate, is provided on Board governance and the duties, responsibilities and liabilities of a director of a listed company. The Board and Board Committees receive training, including in specialist areas, and updates on issues relevant to the Group's business, including legal, regulatory and governance developments and operational and technological updates.

Training is typically arranged by the Group Company Secretary in consultation with the Chairman or relevant Board Committee Chairman. The Board have also received briefings from external advisers on a range of strategic matters.

In line with Paragraph 15.08 of the Listing Requirements, the Directors acknowledge the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board.

The areas of trainings/seminars/conferences attended by the Directors during the FY2021, among others, are set out below.

	KEY AREAS OF FOCUS							
	Property Industry/ Industrial & Logistics Development	Sustainability Agenda	Markets & Investments	Risks and Internal Control	Governance	Finance, Accounting and/or Tax Related	Leadership	Legal & IT
Rizal Rickman Ramli	✓	✓	✓		✓		✓	
Dato' Azmir Merican	✓	✓	✓		✓		✓	✓
Dato' Jaganath Derek Steven Sabapathy	✓	✓			✓			
YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	✓	✓			✓		✓	
Dato' Seri Ahmad Johan Mohammad Raslan	✓	✓	✓	✓	✓	✓	✓	✓
Datin Norazah Mohamed Razali	✓	✓	✓	✓	✓		✓	✓
Dato' Soam Heng Choon	✓	✓			✓	✓	✓	
Mohamed Ridza Mohamed Abdulla	✓	✓	✓	✓	✓	✓		✓
Dato' Hamidah Naziadin	✓	✓			✓			
Dr. Lisa Lim Poh Lin	✓	✓						

For full details of the list of trainings, please refer to the Corporate Governance Report on pages 30 to 36.

DIRECTORS' REMUNERATION FRAMEWORK

The Board has established a remuneration policy for its NEDs that aligns remuneration with strategy to drive the long-term success of the Group together with a comprehensive and fair remuneration package to continue to attract, retain and motivate Directors.

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 remain competitive and consistent with industry standards as well as commensurate with their experience, skills, level of responsibilities and complexity of 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 shareholders' mandate obtained at the AGM.

For full details of Directors' Remuneration Framework, please refer to the Corporate Governance Report on pages 60 to 61.

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 following policies to ensure the conduct of business of the Group and the employees, as well as our vendors and counterparties, are consistently carried out ethically and with integrity.

GROUP POLICIES

Code of Business Conduct
The Code of Business Conduct ("COBC") of the Group contains detailed policy statements on 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 employees are expected to understand the principles and standards stipulated and must comply with it not only in its form but also 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.

Vendor COBC
The Vendor COBC and Vendor Integrity Pledge ("VIP") sets out the expected standard of behaviours of our 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 our vendors and counterparties to comply with our employee's COBC and Vendor's Letter of Declaration.

The VIP includes the compliance to Anti-Bribery & Corruption requirements and the following:
- The Vendor COBC.
- Applicable laws and regulations relating to anti money laundering, antiterrorism 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 conduct the Group's business with integrity and maintain strong professional relationships with all of their counterparts and business partners based on merit and performance.

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 of 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 Policies
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 the Group'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 Groups' 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.
- Anti-Money Laundering Policy.
- Conflict of Interest 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 to 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 committed 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 to address any concerns.

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 the Section 17A of the MACC Act 2009.

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A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD EFFECTIVENESS EVALUATION

The BEE is to evaluate the performance of the Board/Board Committees and Members of Board Committees as well as identify any gaps or areas for improvement where required. Every year, under the purview of the NRC, a formal evaluation is undertaken 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. The evaluation is especially 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.

The NRC engaged an external independent consultant, Institute of Corporate Directors Malaysia ("ICDM") to conduct and facilitate the BEE for the financial year under review, through a hybrid approach to identify key themes of strengths and areas for improvement, covering questionnaires, one-on-one interviews and Sustainability Leadership Workshop.

The overall results of the BEE were reasonably positive in the four (4) key components of the evaluation namely, the 'Basic Ingredients', Strategy, Risk Management and Dynamics & Information. Areas of assessment under Basic Ingredients includes trust and openness, the right people, directors' duties and Board dynamics. Strategy covers setting goals, people strategy, Environmental, Social & Governance ("ESG") and strategic contribution whilst Dynamics & Information includes well-structured papers, managing the agenda and inclusive discussions. The findings showed that the Board should enhance its focus on cyber security risks, people strategy and ESG strategy as well as the respective action plans.

Detailed information on the areas of enhancement for 2022 can be found in the Corporate Governance Report on page 57.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The NRC is pleased to present its report for the FYE 31 December 2021 in compliance with Paragraph 15.08A (3) of the Listing Requirements of Bursa Malaysia and MCCG 2021.

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 of Sime Darby Property comprises as at the date of this report, 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 MCCG 2021.

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, the required mix of skills, experience, knowledge, diversity and other qualities, including core competencies which NEDs should bring to the Board. 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, GMD and key critical positions in the Group. The participation of women in Senior Management are also reviewed to ensure 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 is 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 and selection of new NEDs in the event of an opening on the Board. The Board via the NRC also oversees the appointment and succession planning of the critical positions in the Group with focus on human capital development.

TERMS OF REFERENCE

The NRC is governed by a clearly defined and documented Terms of Reference ("TOR"). The TOR of the NRC is consistent with the Listing Requirements and the MCCG 2021. All the requirements under the TOR are 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.

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A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

NOMINATION AND REMUNERATION COMMITTEE REPORT

OVERVIEW OF ACTIVITIES FOR THE FINANCIAL YEAR UNDER REVIEW

Throughout the financial year under review, the NRC continued to provide critical support to the Board in relation to the succession planning of the Board and Management.

During the financial year under review, the NRC considered and recommended to the Board for approval, the appointment of Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin as Independent NEDs with effect from 1 October 2021.

The NRC also reviewed and recommended the appointment/renewal or non-renewal of contracts as the case may be of senior critical roles and positions in Sime Darby Property.

During the financial year under review, the NRC carried out among others, the following key activities in discharging its functions, duties and responsibilities:

MATTERS CONSIDERED

Nomination

1) Reviewed and assessed the performance of and made recommendations to the Board with regard to Directors seeking re-election at Sime Darby Property's 48th AGM.
2) Reviewed the composition of the Board and Board Committees and the selection of potential candidates for nomination as Independent NEDs.
3) Reviewed and approved 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.
6) Reviewed the trainings attended/participated by each Director and assessed the training needs of the Directors.
7) Assessed and recommended the appointment, promotion, confirmation, redesignation and contract renewal of key critical positions of the Group including Chief Operating Officer – Investment & Asset Management, Group Chief Financial Officer, Chief People Officer, Chief Marketing & Sales Officer and Group Company Secretary, as well as Deputy Chief Financial Officer.

Remuneration

1) Reviewed and recommended to the Board the Remuneration Framework for the NEDs on the Board and Board Committees of the Group.
2) Reviewed the Group's Remuneration and Salary Structure for Employees.
3) Recommended the Ex-Gratia Payment for Lower Level Employees and Reward for Key Contributors of Sime Darby Property Group.
4) Reviewed and recommended the Performance Scorecards for Corporate/GMD and Direct Reports ("GMD-1") for FY2021.
5) Reviewed and recommended the Performance Assessment for GMD and GMD-1 for the FYE 31 December 2020.
6) Recommended the payment of Benefits to the NEDs for the period from 7 May 2021 until the next AGM of Sime Darby Property.

Governance

1) Engaged an independent third party external consultant to facilitate the conduct of the Board Effectiveness Evaluation ("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 2020 to ensure that it was prepared in compliance with the relevant regulatory requirements and guidelines.
4) Reviewed and recommended revisions to the Board Charter and TOR of the NRC in line with the updated MCCG 2021 and market best practices.
5) Reviewed the results of 'Your Voice Survey' and respective action plans.
6) Reviewed the proposed revisions to the Purpose, Vision and Mission Statements, in line with Sime Darby Property's goal to be a real estate company by year 2025.
7) Planned and approved the NRC Agenda for FY2022.

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 changes to the composition of the NRC during the financial year under review. Following Rizal Rickman Ramli's appointment as the Chairman of Sime Darby Property, he had relinquished his role as a member of the NRC on 7 May 2021. Thereafter, Dato' Hamidah Naziadin was appointed as a member of the NRC on 1 October 2021. The profile of Dato' Hamidah Naziadin is disclosed on page 163 of the Annual Report.

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 ahead 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. Due to the Coronavirus Disease 2019 ("COVID-19"), all meetings of the Committee continued to be held virtually in 2021.

The NRC met eight (8) times during the financial year under review to discharge its duties and functions as a Committee of the Board. The composition of the NRC and the attendance record of its members for the financial year under review are as follows:

Members	Designation	No. of Meetings Attended
Datin Norazah Mohamed Razali (Chairman)	**Independent Non-Executive Director**	**8/8**
Dato' Seri Ahmad Johan Mohammad Raslan (Member)	**Independent Non-Executive Director**	**7/7**
Dato' Soam Heng Choon (Member)	**Independent Non-Executive Director**	**8/8**
Dato' Hamidah Naziadin (Member)	**Independent Non-Executive Director** (Appointed on 1 October 2021)	**2/2**
Rizal Rickman Ramli (Member)	**Non-Independent Non-Executive Director** (Relinquished as member on 7 May 2021)	**2/2**

During the financial year under review, meetings of the NRC were attended by the GMD and Chief People Officer. Other members of 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 to relevant items on the agenda.

The Group Company Secretary acts as Secretary to the NRC.

The agenda and meeting papers relevant to the business of the meeting are distributed to the NRC members not less than five (5) business days from the date of the meeting via a secured collaborative software. The software not only eases the process of distribution of meeting papers and minimises the risk of leakage of sensitive and confidential information, it also enables the Directors access to the proposal papers electronically.

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 is submitted to the Board every quarter for the Board's notation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION AND REMUNERATION COMMITTEE REPORT

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:

GENDER DIVERSITY

As of the date of this Annual Report, Sime Darby Property has on its Board, three (3) women Directors, namely Datin Norazah Mohamed Razali, Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin constituting 30.0 percent of the Board's composition. This is also in line with the recommended Practice 5.9 of the MCCG 2021.

AGE DIVERSITY

The Board is committed to working towards having a generationally-diverse Board so as to have a balance between maturity and experience as well as 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 Board that is mostly homogenous.

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 70.0 percent Malay, 20.0 percent Chinese and 10.0 percent Indian.

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, seven (7) out of ten (10) Directors of Sime Darby Property are Independent NEDs.

The NRC is responsible for the implementation of the Policy and for monitoring progress towards the achievement of the Board's objectives.

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 and submitting its recommendation to the Board for decision. The NRC considers primarily the candidate's propriety and suitability for appointment based on his/her skills, specialist knowledge, competencies, experience, probity, integrity and perceived ability to work cohesively with other members of the Board. The NRC ensures that the right balance of skills, breadth of experience and diversity in terms of age and gender are reflected in the selection process.

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 appointment of a Director is as follows:

Circumstances giving rise to the appointment of Director
The NRC develops and deliberates selection criteria combining competencies and attributes required
Search for candidates
Assess and shortlist the potential candidates with consultation with the NRC
Interview shortlisted candidates
Deliberation by the NRC on the suitability of the candidate
Sime Darby Property Board approval
Induction
Continuous Training and Annual Performance Assessment

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 own 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 Board composition taking into consideration the mix of skills, competencies, industry experience, integrity, personal attributes and time commitment required of a Director to effectively fulfill his or her role as a Director. This included diversity in terms of age, gender and ethnicity. Board members' representation in the Board Committees, individual tenures, 2020 BEE results, as well as the strategic priorities of the Group going forward were also considered. With these in mind, the NRC initiated the process of recruiting Independent Directors from existing Directors' recommendations, major shareholder's database and independent source, who would have the following experience/knowledge to complement and strengthen the existing Board in discharging its duties effectively:

Talent development	**Property and Real Estate Industry**	**Technology (i.e. smart technology, big data and digital)**
Sustainability	**Accounting/Finance**	
Investment Management	**Branding**	

The Board, upon the recommendation of the NRC, approved the appointment of Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin as Directors of Sime Darby Property. The Board, upon the recommendation by the NRC, also approved the appointment of new members to the following Board Committees during the financial year under review:

Director	Board Committee
Dato' Hamidah Naziadin	• **Nomination and Remuneration Committee**
Dr. Lisa Lim Poh Lin	• **Risk Management Committee**
Dato' Soam Heng Choon	• **Board Tender Committee**

The NRC believes that the appointment of the new Directors with their background and expertise in talent development, sustainability and investment management, respectively, would support, complement and strengthen the existing Board. The NRC also believes that Dato' Soam Heng Choon would be able to contribute effectively at Board Tender Committee's discussions due to his vast experience in property development and construction industry.

The NRC will regularly review the Board and Board Committees compositions and ensure their continuing effectiveness throughout the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

NOMINATION AND REMUNERATION COMMITTEE REPORT

RETIREMENT AND RE-ELECTION OF DIRECTORS

The NRC is responsible for recommending to the Board, Directors who are retiring and are standing for re-election at the AGM pursuant to and in accordance with the Constitution of Sime Darby Property ("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 in each three (3) years. A retiring Director shall be eligible for re-election.

The Directors' rotation list is presented to the NRC for endorsement prior to recommendation to the Board and thereafter to the shareholders for approval. The Board recognises Directors' performance as a basis in 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 2021 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 respective Board Committees.**
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 in discharging their role effectively.**
5. **Ability to commit and devote adequate time to fulfil their responsibilities effectively.**

Based on the aforesaid assessment, the Board and the NRC are satisfied that the Directors who are seeking re-election at the 49th AGM of Sime Darby Property 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 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 49th AGM are as follows:

Rule 92.3 of the Constitution

- Dato' Hamidah Naziadin
- Dr. Lisa Lim Poh Lin

Rule 111 of the Constitution

- Dato' Jaganath Derek Steven Sabapathy
- Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj
- Datin Norazah Mohamed Razali

The retiring Directors have offered themselves for re-election at the 49th 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 independence of Management and 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 as a whole.

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. The Board is generally satisfied that each Independent NED has remained independent in character and judgement and continue 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 MCCG 2021. In line with the step-up practice as recommended under Practice 5.4 of the MCCG 2021, the Board had also approved the adoption of revised Board Charter and TOR of the NRC on 25 November 2021 which included the limit on the tenure of its independent directors to nine (9) years without further extension.

Sime Darby Property had, in line with the exemplary practice as recommended in the previous MCCG published in 2017, obtained shareholders' approval to retain Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as an Independent Director after the expiry of his nine (9) year term on 30 December 2019. On 27 May 2021, he was redesignated to a Non-Independent NED following his nomination as Nominee Director of Permodalan Nasional Berhad on the Board of Sime Darby Property.

EVALUATING THE PERFORMANCE OF DIRECTORS: BOARD EFFECTIVENESS EVALUATION

The NRC had engaged PricewaterhouseCoopers ("PwC") to conduct the BEE of the Company for the FYE 30 June 2018, Financial Period 31 December 2018, FYE 31 December 2019 and FYE 31 December 2020.

For FY2021, the NRC had engaged another independent third party consultant namely, ICDM led by an international facilitator to facilitate objective and candid BEE for the financial year under review in a different approach and methodology. Specific focus was conducted on board dynamics and sustainability pursuant to the updated MCCG, to address underlying challenges and to align the Board on its priorities and discuss on emerging opportunities and challenges in the current and desired future states. The areas of enhancement for the coming year which the NRC and Board had agreed on are disclosed on page 57 of the CG Statement.

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.

NRC AND RMC EFFECTIVENESS AND PERFORMANCE REVIEW

Based on the BEE findings, the Board is 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

The Board is mindful of the need to keep Directors properly briefed and informed of current issues and challenges, particularly arising from the COVID-19 pandemic. Notwithstanding the movement control orders during the financial year under review, the Board members attended/participated in external training programmes, also available online, on a continuous basis to ensure they remained updated with the development of the Group's business and that of the industry that were likely to affect the discharge of their duties and responsibilities.

As an integral part of the induction programme for new Directors, Sime Darby Property provides comprehensive briefings on the Group's legal and governance, operations and projects, growth strategy and financial performance of the Group.

The Group Company Secretary assists the Board in facilitating the orientation of new Directors and co-ordinating internal training programmes, as well as arranging for external training programmes. The induction programme for Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin was conducted over two (2) sessions (total of 6 hours) in October 2021.

During the financial year under review, the Directors' attended external training programmes, workshops and seminars that covered areas which were considered as useful and relevant to the Directors in contributing to the effective discharge of their duties as Directors. During the financial year under review, the Group Company Secretary coordinated an online virtual training on the "Recent Updates to the Malaysian Code on Corporate Governance" by Dr. Elsa Satkunasingam of Asia School of Business on 6 September 2021 for the Board and Senior Management of Sime Darby Property.

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:

TOPIC	SPEAKER
Technology and Innovation : Designing for the Future of Construction	**Fanyu Lin** *Chief Executive Officer, FLUXUS LLC*
Productising Funds: Keppel Capital's Journey	*Industry specialist in real estate fund management*
The Rise of Industrial and Logistics Development	**Allan Sim** *Executive Director, Knight Frank Malaysia* **Claus Kuhnert** *Head of SEA & Director Malaysia DB Schenker* **Peter Garison** *Head of Strategic Customers, LOGOS Property Group*
Addressing the Challenges and Untapped Opportunities in Affordable Housing	**Dato' Sulaiman Mohd Tahir** *Group CEO of AmBank Group* **Dr Carmelo Ferlito** *Senior Fellow, Institute for Democracy & Economic Affairs (IDEAS)* **Ar. Dr. Tan Loke Mun** *Past President of Pertubuhan Akitek Malaysia (PAM)/Director of DTLM Design Group* **Bikesh Lakhmichand** *Founding Partner of 1337 Ventures*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board was apprised on the property market updates during the Board Retreat which was held virtually from 11 to 13 November 2021. The full list of training programmes attended by the Directors for 2021 is stated in the Corporate Governance Report on pages 30 to 36.

BOARD REMUNERATION

The fees and benefits for NEDs are determined by the Board and are subject to the approval of the shareholders of Sime Darby Property at a general meeting.

The breakdown of the fee structure of individual Directors of Sime Darby Property on a named basis paid during the financial year under review is provided in the Corporate Governance Report which is accessible to the public for reference at the Group's website www.simedarbyproperty.com.

The NRC had continued to carry out annual review of the Directors' fees and benefits. Based on the recommendation from the NRC, the Board had on, 24 February 2022, agreed that the proposed Remuneration Framework shall remain unchanged. Furthermore, Sime Darby Property is not seeking any increase in approval limit in respect of the amount of benefits payable to the NEDs from that approved at the 49th AGM.

Further details of the fees and benefits payable to the NEDs could be found in the explanatory notes to the Notice of the 49th AGM of Sime Darby Property.

SUCCESSION PLANNING

Succession planning is an integral part of the Board's corporate governance practices. The Board believes that the membership and composition of the Board should be assessed from time to time, while ensuring continuity in meeting the Group's long-term goals and objectives.

A structured succession plan addresses the composition and effectiveness of the Board. This responsibility has been given to the NRC to ensure the orderly identification and selection of new NEDs in the event of a vacancy or an opening by reason of an anticipated retirement or expansion in the size of the Board. The NRC would also ensure that there is an appropriate dynamics of skills, experience, expertise and diversity on the Board.

In addition to the succession plan for the Board, the NRC looks at 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. In September 2020, the NRC reviewed Sime Darby Property's succession planning for senior critical roles and talent pool demographics with the assistance of an external consultant. The process involved enhancement of the Succession Planning Framework which encompasses talent management and human capital development for the key critical management positions.

During the financial year under review and up to the date of this report, there were several changes to certain critical positions with the following appointments made:

1. **Datuk Lai Shu Wei**
   as Chief Marketing and Sales Officer effective from 1 April 2021.
2. **Michelle Ann Iking**
   as Chief People Officer effective from 2 August 2021.
3. **Noreen Melini Muzamli**
   as Group Company Secretary effective from 17 August 2021.
4. **Abdul Aziz Abdul Rasheed**
   as Chief Operating Officer – Investment and Asset Management effective from 3 January 2022.
5. **Abbas Ariff**
   as Deputy Chief Financial Officer effective from 14 February 2022.

STRATEGIC ORGANISATIONAL CHANGE

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.

During the financial year under review, the NRC ensured that appropriate assessment was conducted on key critical positions in the Group, which includes review, evaluation and interview of the identified candidates for recommendation to the Board for appointment, promotion or renewal of contract. The NRC also ensured that the appointments of key critical positions was based on the criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

EMPLOYEE ENGAGEMENT SURVEY

An Employee Engagement Survey namely, 'Your Voice Survey' was conducted in the first quarter of 2021 to understand the level of employee engagement, morale and working experience due to the COVID-19 pandemic. Sime Darby Property initiated fruitful conversations and implemented the necessary action plans throughout the year based on the invaluable insights gathered from the survey, including boosting and encouraging mental health and resilience during the challenging times.

More initiatives will be explored moving forward as the Group takes progressive steps to build trust with employees, improve work experiences, and produce better development opportunities that will foster a positive and engaging work culture in the organisation.

B PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE REPORT

INTRODUCTION

OVERVIEW

The AC continues in its commitment to ensure that the Group has a sound internal control system, and the financial results that it announces at each quarter are reliable.

In pursuing these aims, the AC works with the management and the RMC to identify the Group's key risks:

During 2021, the COVID-19 pandemic continued to feature as an important risk.	With the Group embarking on technological and digital transformation, greater exposure to cybersecurity risk is inevitable. An external consultant was engaged to perform a cybersecurity risk assessment and the report was tabled to the RMC and shared with the AC. Recommendations are being implemented.	Climate change is an emerging risk which impacts all industries and property development is no exception. Rising temperatures, flooding, and the rising sea levels are examples of the potential results of climate change.

The AC is conscious of the need to maintain a vigilant stance on the Group's key risks, and of the importance that audit plays in ensuring sound internal controls. The AC therefore continues to ensure that internal and external auditors provide quality independent auditing services and meets with both internal and external auditors each quarter.

The AC of Sime Darby Property Berhad is pleased to present the AC Report for the FYE 31 December 2021.

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 solely of independent NEDs. This complies with the requirements of the MCCG 2021 concerning audit committees, including the 'Step-up' requirement that all members should be independent NEDs.

The profiles of all the AC members are disclosed on pages 157, 159, 160 and 162 of the Annual Report.

The details of the AC membership and meetings held during the FYE 31 December 2021 are as follows:

Members	Membership/ Designation	Appointment	Attendance at meetings	
Dato' Seri Ahmad Johan Mohammad Raslan (MIA member)	Chairman/Independent Non-Executive Director	12 July 2017	6/6	100%
Dato' Jaganath Derek Steven Sabapathy	Member/Senior Independent Non-Executive Director	29 February 2016	6/6	100%
Datin Norazah Mohamed Razali	Member/Independent Non-Executive Director	12 July 2017	6/6	100%
Mohamed Ridza Mohamed Abdulla	Member/Independent Non-Executive Director	1 July 2020	6/6	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, Group Chief Financial Officer, Chief Operating Officer – Township, Chief Operating Officer – Integrated, the Chief Risk, Integrity & Compliance Officer and the Chief Assurance Officer ("CAO") are permanent invitees to AC meetings. They attend all AC meetings in order to provide explanations and answer queries. The Chief People Officer 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

TERMS OF REFERENCE

In discharging its duties, the AC has authority to investigate any matter within its TOR. The full TOR for the AC are available online in the Corporate Governance section at www.simedarbyproperty.com/who-we-are/corporate-governance.

SUMMARY OF WORK OF THE AC DURING THE FINANCIAL YEAR

FINANCIAL REPORTING

(a) Reviewed the unaudited quarterly financial results and the related press statements for recommendation to the Board for approval before release to Bursa Malaysia.
(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.

INTERNAL AUDIT

(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 Human Resources 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) Two private sessions 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 quarterly updates provided by CAO during the AC meeting.
(i) An independent firm was appointed during the year to perform an independent assessment on the internal audit functions and activities as per Standard 1312 of the International Professional Practices Framework ("IPPF"). The scope of the review, included:
  - The level of conformance with the IPPF and its Code of Ethics.
  - The efficiency and effectiveness of the internal audit activities.
  - The extent to which the internal audit activities meet expectations of the Board, Senior Management and Operations Management, and add value to the organisation.

EXTERNAL AUDIT

(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 2021.
(b) Reviewed the external auditors' group's audit plan, which outlines the scope of work, audit strategy and approach, for the FYE 31 December 2021.
(c) Reviewed the suitability and independence of external auditors and made recommendations to the Board on their reappointment.
(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.
(e) Monitored the non-audit engagement of the external auditors on quarterly basis to ensure their independence was not impaired and that they remained objective throughout the financial year.
(f) Considered major findings, key significant external audit matters and recommendations raised by the external auditors and Management's response and follow-up actions thereto and reported to the Board.
(g) Held two private meetings with the external auditors without the presence of Management.
(h) In recommending the suitability of the external auditors for re-appointment at the forthcoming AGM, the AC considered their suitability and independence, by assessing, inter alia, the adequacy of their experience and resources, their audit engagements, the number and experience of their engagement partners, and the supervisory and professional staff assigned to Sime Darby Property.

RELATED PARTY TRANSACTIONS ("RPT")

(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.

ANNUAL REPORT

(a) Reviewed and endorsed the Statement on Risk Management and Internal Control for Board approval and inclusion in the Annual Report for the FYE 31 December 2020.
(b) Reviewed and approved the AC report for inclusion in the Annual Report for the FYE 31 December 2020.
(c) Reviewed and endorsed the Corporate Governance Overview Statement and Report for Board's approval and inclusion in the Annual Report for the FYE 31 December 2020.

TRAINING

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. In line with the latest MCCG released on 28 April 2021, the training programmes have been broadened to also cover sustainability related training.

The details of training programmes and seminars attended by each AC member during FY2021 are set out on pages 32 to 35 of the CG Report.

REVIEW AND UPDATE OF TERMS OF REFERENCE

To align with the latest MCCG, a gap analysis was performed to identify areas for improvement. As a result of this exercise, the AC's TOR has been updated in accordance with the latest MCCG guideline.

GROUP CORPORATE ASSURANCE DEPARTMENT ("GCAD")

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 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 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.

The CAO commenced a Quality Assurance and Improvement Programme ("QAIP") for all aspects of the internal audit activities. QAIP will include internal and external assessments 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 13 internal auditors with the following background and expertise:

Background	No of Auditors
Accounting and Finance (6 auditors possess professional qualification (ACCA, CPA etc)	8
Engineering	4
Legal	1
Total	13

Source: based on the GCAD headcount as of December 2021

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 five learning days in FY2021.

A total of RM3.45 million was spent in 2021 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

The key activities carried out by GCAD during the FYE 31 December 2021 included:

Audit Framework & Practices
- Group Corporate Assurance Charter was reviewed and refreshed to ensure it is in line with IPPF guidelines.
- Similarly, the Audit Manual was also updated to reflect the latest audit practices.

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 monitor 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 Group Management Committee 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 Group Oversight Management Committee 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.
- CAO conducted an onboarding session with the new AC member/Senior Management where they have been briefed of GCAD's main roles and responsibilities, including the significant matters required their attention.
- Performed a benchmarking analysis of current practices against the latest MCCG guideline to identify improvement initiatives to further enhance our governance practices.

Performance Evaluation
- Both AC and Management feedback on GCAD's overall performance were sought via the annual feedback survey.
- Under IPPF's guidelines, the internal audit function is subject to independent assessment by external consultants at least once every five years. As mentioned above, in 2021, an external Quality Assurance Review ("QAR") consultant was appointed to review and assess GCAD's performance.
- The QAR consultant reported that there was no non-conformance with IPPF guidelines.

Collaboration with Other Assurance Functions
- Worked together in collaboration with the external auditors on specific reviews.
- Collaborated with Compliance function in undertaking the corruption risks control validation programme to validate the identified controls are in place and are effective in mitigating the occurrence of corrupt acts.
- Teamed up with Safety team to perform several site visits to ensure COVID-19 requirements at project sites are being enforced and complied accordingly.

This report is made in accordance with a resolution of the Board of Directors dated 24 March 2022.

RISK MANAGEMENT COMMITTEE REPORT

ROLE OF THE COMMITTEE

The RMC was established as a committee of the Board to support the Board in carrying out its responsibility, specifically in the oversight of the implementation of the Group's Risk, Compliance and Integrity, and Management Frameworks. In 2021, the Board decided to expand RMC's roles and responsibility to cover management of sustainability risk and its related frameworks and programmes.

The primary functions of the RMC include, but are not limited to, overseeing the management of all material risks and ensuring that the Group's risk infrastructure, resources and systems are in place for effective risk management oversight, which safeguards the Group's ability to achieve its strategic objectives and operational targets, while safeguarding shareholders' investment and the Group's assets. The formation of the RMC, which comprises a majority of independent directors, is in line with Principle B, Chapter II of the MCCG 2021, Step Up 10.3.

The roles and responsibilities of the RMC are summarised in the Corporate Governance Overview Statement on page 174 of this Annual Report. The TOR of the RMC are available on the Group's website at https://www.simedarbyproperty.com/who-we-are/corporate-governance

COMMITTEE EFFECTIVENESS

COMPOSITION AND ATTENDANCE

Members	Membership/Designation	Appointment	Attendance of Meetings	
Dato' Jaganath Derek Steven Sabapathy	Chairman/Senior Independent Non-Executive Director	12 July 2017	4/4	100%
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Member/Non-Independent Non-Executive Director	12 July 2017	4/4	100%
Dato' Soam Heng Choon	Member/Independent Non-Executive Director	1 July 2020	4/4	100%
Mohamed Ridza Mohamed Abdulla	Member/Independent Non-Executive Director	1 July 2020	4/4	100%
Dr. Lisa Lim Poh Lin	Member/Independent Non-Executive Director	1 October 2021	1/1	100%
Rizal Rickman Ramli *(membership relinquished following appointment as Chairman of the Group's Board)*	Member/Non-Independent Non-Executive Director	5 April 2018	1/1	100%

The RMC comprises five (5) experienced members of the Board, who are independent of Management. Of the five (5) members, four (4) are Independent NEDs.

During the year, RMC welcomed Dr. Lisa Lim Poh Lin as a new committee member following Rizal Rickman Ramli's appointment as the Chairman of the Board. Dr. Lisa's experience in fund management and sustainability will bring additional value to the RMC as it continues to facilitate and provide practical advice to Management on key challenges and risks faced by the Group.

The qualifications and experience of all RMC members are listed on pages 157, 158, 161, 162 and 164 of this Annual Report and on the Group's website at https://www.simedarbyproperty.com/who-we-are/board-of-directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

RISK MANAGEMENT COMMITTEE REPORT

OPERATIONS OF RMC

RMC meetings for the year are pre-determined, scheduled and approved by the Board in the preceding year. In FY2021, there were four (4) RMC meetings.

To support an in-depth discussion during meetings, the RMC is supported by the GMD, Group Chief Financial Officer, Chief Operating Officer of Township Development, Chief Operating Officer of Integrated Development, and Chief Risk, Integrity and Compliance Officer who are permanent invitees to the meetings. Other attendees, internal or external, are also invited to attend RMC meetings to brief the RMC members where required.

Key RMC deliberations and decisions at each quarterly meetings are communicated to the Board in the same quarter through reports and updates provided by the RMC Chairman. The report tabled by the RMC Chairman is a standing agenda item in the scheduled meeting of the Board.

Details of meeting deliberation are further shared with the Board through circulation of RMC minutes of meeting in the subsequent quarters.

At the operational level, the RMC is supported by the Chief Risk, Integrity and Compliance Officer who manages the day-to-day operations of both the Group Risk Management ("GRM") and Group Compliance Office ("GCO").

ANNUAL PERFORMANCE ASSESSMENT

The Board performed an annual review of the terms of office and assessment of the composition, performance and effectiveness of the RMC for the financial year under review based on the Nomination & Remuneration Committee's recommendation. The Board is 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 COVID-19 impact continues to weigh heavily on the Group in FY2021 as the various movement controls imposed by the Government to slow down the rate of infection, and the subsequent supply chain disruptions that have led to the increase in the cost of doing business (increase in various raw material and labour costs due to shortages) have directly impacted both the Group's property development, retail and leisure operations. Management and RMC continued to actively monitor the various COVID-19 risk exposures to ensure the impact of these exposures are minimised. Key COVID-19 related risks are continuously updated and reported to both Management, RMC and the Board.

For the financial year under review, RMC continues to perform its duties as follows:

(A) Risk Related Matters:

- Provided oversight, direction and counsel on the Group's risk management process, which includes the following:
  - Monitored Group-level risk exposures and management of significant financial and non-financial risks, including the potential impact of COVID-19, cybersecurity, and sustainability on the Group.
  - Evaluated existing, new and emerging risks identified by the Management and/or GRM every quarter or as and when required.
  - Provided the necessary feedback and/or challenged the Management on the effectiveness of mitigation action plans for key risks impacting the Group.
  - Reviewed the Group's Key Risks Profile and ensured that significant risks outside tolerable range were addressed, with prompt and appropriate actions taken.
  - Reviewed major investment and project business cases in accordance with the established thresholds of approved Group Limits of Authority, focusing on the risks associated with funding options, costs and investment returns. The RMC recommended or advised the Board on the next course of action, where appropriate.
  - Reviewed and recommended the Board to include the Group's Statement on Risk Management and Internal Control ("SORMIC"), RMC Report and Key Risk write-up in the Annual Report 2021.
  - Reviewed and provided feedback on the quarterly status update on activities undertaken by GRM.
  - Reviewed the status of achievement of the GRM Annual Plan for FY2021.
  - Reviewed and approved the GRM Annual Plan for FY2022.
  - Reviewed and approved risk related KPI for the Chief Risk, Integrity and Compliance Officer and its subsequent achievement for 2021.

(B) Integrity and Compliance Related Matters:

- Provided oversight, direction and counsel on the Group's compliance and integrity-related programmes and activities, which included the following:
  - Reviewed, provided feedback, monitored and/or approved, where applicable, the proposed recommendations and status update on gaps closure provided by the GCO in respect of the Group's preparation to meet the Corporate Liability provisions.
  - Reviewed and recommended to the Board for approval of the revised Group Policies and Authorities ("GPA"), where applicable.
- 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.
- Reviewed and provided feedback on the quarterly status update on activities undertaken by the GCO.
- Reviewed the status of achievement of the GCO Annual Plan for the financial year 2021.
- Reviewed and approved the GCO Annual Plan for the financial year 2021.

(C) Sustainability Related Matters.

- Provided counsel and guidance on the Group's Sustainability Roadmap.

(D) Cybersecurity Related Matters

- Provided counsel on the Group's exposure to Cyber Risk, including the status of implementation of the Group's Cybersecurity Framework which will improve the Group's Cybersecurity maturity to its intended maturity level.

Governance

GROUP RISK MANAGEMENT

GRM was 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 the Group's objectives while mitigating uncertainty.
- 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.

Key activities for the financial year under review included but were not limited to:

- Reviewed and provided feedback on key risks identified by a 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 Management or the Board for approval.
- Coordinated the quarterly risk review and reporting to Management, RMC and the Board, which included providing the necessary challenge and feedback to the risk owners to improve the quality of reported risks and its related information.
- Prepared the Group's Quarterly Risk Report to be presented to the Governance Oversight Management Committee ("GOMC") and the RMC.
- Supported the Crisis Management Team in their operations, which included highlighting and assessing COVID-19 related impact on operations. A summary of risk exposure, including its outcomes and mitigation actions was presented as part of the Group's Quarterly Risk Report.
- Reviewed and provided feedback on risk exposures for Joint Ventures entered into by the Group.
- Participated as one of the key trainers and presented the risk module during the Group's employees' onboarding training.

GROUP COMPLIANCE OFFICE

GCO was established as an independent function to assist the Board and Management in achieving the 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, 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 financial year under review included but were not limited to:

- Continued with the implementation of key anti-bribery and corruption prevention activities to reduce the corporate liability risk exposure. The status of the anti-bribery related activities is tracked and reported to Management and RMC on a quarterly basis.
- Coordinated the Group's annual review on the GPAs and presented the proposed amendments to the Board for deliberation and approval.
- Coordinated the regulatory compliance reporting requirements, which included quarterly reporting to Management and Board for key non-compliance incidences reported by operations/employees.
- Communicated and tracked the completion of the Annual Compliance & Integrity Pledge, which is a yearly attestation by employees on their compliance with all laws and regulations, and Group's policies and procedures, including the COBC. Ensured follow-up actions were taken for non-compliance events.
- Commenced key control validation exercise on the Group's Vendor Management process.
- Strengthened the Employee's Disclosure of Interest and Conflict of Interest disclosure process, including digitalising the process.
- Participated as a key trainer for the Group employees' onboarding training, covering the governance structure and policies such as the GPA, COBC and Whistleblowing Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ENGAGING WITH OUR STAKEHOLDERS

PROMOTING THE COMPANY'S SUCCESS FOR THE BENEFIT OF ALL STAKEHOLDERS

Effective engagement with our key stakeholders is critical to delivering our strategy and ensuring the long-term success of our business. We use a range of engagement mechanisms in order to understand and consider our stakeholders' views in the oversight and decision-making of the Board. In some cases, the Board engages directly with stakeholders but there is also significant engagement at both the senior management and operational level of Sime Darby Property. The Board receives reports and updates on such engagement and the views and feedback gathered from stakeholders and this information is used to inform discussion and decision-making. The following section lists our key stakeholder groups, their concerns and issues which matter most, as well as how the Group engages with them.

PEOPLE

SUSTAINABILITY ISSUE

Community Resilience

11 URBAN FARMING | 7 VOLUNTEER HOURS | 14 COMMUNITY RECYCLING

STAKEHOLDERS

- Customers
- Partners
- Communities

CONCERNS RAISED

- Community welfare and social responsibility

UN SDGS 2030

- **Target 2.1**
  Universal access to safe and nutritious food
- **Target 2.3**
  Double the productivity and incomes of small-scale food producers
- **Target 2.4**
  Sustainable food production and resilient agriculture

- **Target 12.5**
  Substantially reduce waste generation
- **Target 12.8**
  Promote universal understanding of sustainable lifestyles

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS

- **Urban Farming**
  - FY2030 target: Minimum one urban farm per township
  - FY2021 target: 4 urban farms
  - FY2021 progress: 3 urban farms
- **Volunteer Hours**
  - FY2030 target: 10,000 hours
  - FY2021 target: 1,300 hours
  - FY2021 progress: 1,269.5 hours
- **Community Recycling**
  - FY2030 target: 6,570,000kh/6,570 tonnes recycled
  - FY2021 target: 125 tonnes
  - FY2021 cumulative target: 354.19 tonnes

SDP RESPONSE/PROGRAMMES

- 2 urban farms at City of Elmina and 1 urban farm at KL East.
- Facilitated 1,250.5 hours volunteer hours by employees.
- Recycled 354.19 tonnes of waste as at December 2021.
- 1 community recycling workshop at RSKU Seruling at Bandar Bukit Raja.
- Established Sustainability Policy.

Governance

PEOPLE

SUSTAINABILITY ISSUE
Health & Safety

STAKEHOLDERS
- Employees
- Vendors
- Workers
- Authorities/Government
- Communities
- Customers
- Partners

CONCERNS RAISED
- Safe working environment

UN SDGS 2030
- **Target 3.6**
  Reduce road injuries and deaths
- **Target 8.7**
  End modern slavery, trafficking, and child labour
- **Target 8.8**
  Protect labour rights and promote safe working environments

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS
- **Occupational Safety and Health**
  - o FY2030 target: Zero workplace accident-related fatalities
  - o FY2021 target: Zero workplace accident-related fatalities
  - o FY2021 progress: 1 fatality recorded
- **Cycling and Jogging Tracks**
  - o FY2030 target: 300km
  - o FY2021 target: 35 km
  - o FY2021 progress: 76.96 km
- **Human Rights**
  - o FY2030 target: All vendors/supply chain partners have clear commitment to human rights
  - o FY2021 target: VCOBC launch
  - o FY2021 progress: VCOBC launched in January 2021

SDP RESPONSE/PROGRAMMES
- Enforced strict standards of workplace safety and HSSE best practices to zero work-related fatalities
- Completed 76.96 km of 190km of cycling and jogging circuits. A mix of neighbourhood and city-wide circuits compliance with Crime Prevention Through Environmental Design ("CPTED") approach
- Launched the new Vendor COBC with a focus on human rights commitment among our vendors

SUSTAINABILITY ISSUE
Diversity & Inclusion

STAKEHOLDERS
- Employees
- Local Vendors
- Customers
- Partners

CONCERNS RAISED
- Equal opportunities
- Non-discrimination
- Upskilling/Reskilling

UN SDGS 2030
- **Target 5.5**
  Ensure full participation in leadership and decision-making
- **Target 10.2**
  Promote universal social, economic and political inclusion
- **Target 17.6**
  Knowledge sharing and cooperation for access to science, technology and innovation
- **Target 17.17**
  Encourage effective partnerships

SDP RESPONSE/PROGRAMMES
- Enforced the COBC and our Equal Opportunity and Anti-Discrimination Policy.
- Increased percentage of women in our workforce to 30.0 percent and percentage of women on the Board.
- Conducted 28,824 hours of training for 1,521 employees.
- Rolled out the Management Trainee Programme in October.
- Invested RM1.15 million in upskilling and reskilling programmes.
- Collaborated with UNICEF Malaysia on an Inclusive Playground Toolkit and pilot and the completion of the first inclusive playground in Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ENGAGING WITH OUR STAKEHOLDERS

PLANET

SUSTAINABILITY ISSUE
Waste & Water Pollution

13 WATER SAVINGS FITTINGS
18 OPERATIONAL ECO-EFFICIENCY

STAKEHOLDERS
- Customers/ Community
- Authorities/Government
- Investors
- NGOs

CONCERNS RAISED
- Water consumption
- Impact of development on water bodies surrounding our townships
- Proper waste water treatment

UN SDGS 2030

6 CLEAN WATER AND SANITATION
- **Target 6.4**
  Increase water use efficiency and ensure freshwater supplies
- **Target 6.6**
  Protect and restore water-related ecosystems

14 LIFE BELOW WATER
- **Target 14.2**
  Protect and restore ecosystems

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS
- **Water-Saving Fittings**
  - o FY2030 target: 30,000 residential units
  - o FY2021 target: 6,000 homes
  - o FY2021 progress: 6,806 homes
- **Operational Eco-Efficiency**
  - o FY2030 target: 100% total waste reduction, 100% recycling, 30% water intensity reduction
- **Total Waste**
  - o FY2021 target: 10% total waste reduction
  - o FY2021 progress: 34.72%
- **Recycling**
  - o FY2021 target: 10% recycling
  - o FY2021 progress: 4.44% recycling
- **Water**
  - o FY2021 target: 1% water intensity reduction from baseline
  - o FY2021 progress: 21.48% water intensity reduction from baseline

SDP RESPONSE/PROGRAMMES
- Reduced Operational Water Intensity by 21.48 percent.
- Set waste reduction target by 2030 to align with the Group's aspiration towards achieving carbon negative.
- Maintained wastewater treatment and water supply facilities in our townships and premises according to the Department of Environment's.
- Created a Wetlands Construction and Maintenance Guideline, in collaboration with Wetlands International for City of Elmina and for replication in future township developments.

SUSTAINABILITY ISSUE
Climate Change Risk (inclusive of Carbon Emissions, Water Supply & Flooding)

16 CARBON SEQUESTRATION

STAKEHOLDERS
- Customers/ Community
- Authorities/Government
- Investors
- NGOs

CONCERNS RAISED
- Carbon emissions
- Water supply and flooding

UN SDGS 2030

13 CLIMATE ACTION
- **Target 13.3**
  Build knowledge and capacity to meet climate change

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS
- **Carbon Sequestration**
  - o FY2021 target: 10,775 tCO_2-e
  - o FY2021 progress: 10,822 tCO_2-e (from 115,814 trees planted since 2011)

SDP RESPONSE/PROGRAMMES
- Set a carbon emission reduction target to align with the Group's aspiration towards achieving carbon negative.
- Implemented carbon emissions reduction initiatives across our segments.
- Incorporated flood reduction design into our township planning.

PLANET

SUSTAINABILITY ISSUE
Biodiversity Loss

STAKEHOLDERS
- NGOs
- Academia
- Communities
- Investors
- Authorities/Government
- Media

CONCERNS RAISED
- Impact of our operations on the biodiversity of the area under development

UN SDGS 2030
- **Target 15.1**
  Conserve and restore terrestrial and freshwater ecosystems
- **Target 15.5**
  Protect biodiversity and natural habitats
- **Target 15.6**
  Protect access to genetic resources and fair sharing of the benefits

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS
- **Biodiversity (IUCN trees)**
  - FY2030 target: 50,000 trees
  - FY2021 target: 22,500 trees
  - FY2021 progress: 22,809 trees (ahead of target)

SDP RESPONSE/PROGRAMMES
- Collaborated with TRCRC to establish and manage the Elmina Rainforest Knowledge Centre and IUCN Native Tree Nursery, where up to 50,000 IUCN trees is set to be produced at the nursery.
- Planted a total of 115,814 trees since September 2011.
- 22,809 total trees of IUCN Red List Trees planted since 2011.
- Published the first Malaysian IUCN Tree Landscape Guideline in 2017, covering 74 species – a tool for landscape architects and students.
- Established Biodiversity Inventories – one (1) completed and one (1) started end of 2020.

PROSPERITY

SUSTAINABILITY ISSUE
Affordability

STAKEHOLDERS
- Customers/ Community
- Authorities/ Government

CONCERNS RAISED
- Ease of home ownership
- Product pricing

UN SDGS 2030
- **Target 11.1**
  Safe and affordable housing
- **Target 11.6**
  Reduce the environmental impacts of cities
- **Target 11.B**
  Implement policies for inclusion, resource efficiency and disaster risk reduction

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS
- **Affordable Housing**
  - FY2030 target: 15,000 units below RM600,000
  - FY2021 target: 1,000 homes
  - FY2021 progress: 2,228 homes

SDP RESPONSE/PROGRAMMES
- Constructed 1,659 statutory units of affordable housing for lower income communities (priced from RM200-270k).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ENGAGING WITH OUR STAKEHOLDERS

PROSPERITY

SUSTAINABILITY ISSUE

Sustainable Products

3 PRODUCT QUALITY · 4 BUILDING TECHNOLOGY · 15 BIODIVERSITY (IUCN TREES) · 17 ENERGY EFFICIENT HOMES

STAKEHOLDERS

- Customers/ Community
- Vendors
- Authorities/ Government
- NGOs
- Professional Institutions

CONCERNS RAISED

- Functional and inclusive design
- Defects rate
- Unsustainable Infrastructure
- Supply chain inefficiencies and governance issues, environmental impact, and project performance

UN SDGS 2030

4 QUALITY EDUCATION

- **Target 4.3**
  Equal access to affordable technical, vocational and higher education

7 AFFORDABLE AND CLEAN ENERGY

- **Target 7.1**
  Universal access to modern energy
- **Target 7.2**
  Increase global percentage of renewable energy

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **Target 9.1**
  Develop sustainable, resilient and inclusive infrastructures
- **Target 9.5**
  Enhance research and upgrade industrial technologies
- **Target 9.B**
  Support domestic technology development and industrial diversification

11 SUSTAINABLE CITIES AND COMMUNITIES

- **Target 11.1**
  Safe and affordable housing
- **Target 11.6**
  Reduce the environmental impacts of cities
- **Target 11.B**
  Implement policies for inclusion, resource efficiency and disaster risk reduction

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS

- **Biodiversity (IUCN trees)**
  - FY2030 target: 50,000 trees
  - FY2021 target: 22,500 trees
  - FY2021 progress: 22,809 trees
- **Building Technology (IBS Score)**
  - FY2030 target: 80 points
  - FY2021 target: 58 points
  - FY2021 progress: 59 points
- **Energy-Efficient Homes**
  - FY2030 target: 12,500 homes
  - FY2021 target: 1,750 homes
  - FY2021 progress: 4,225 homes
- **Product Quality**
  - FY2030 target: 85.0 percent QLASSIC score
  - FY2021 target: Average 81% QLASSIC score
  - FY2021 progress: 82% QLASSIC score

SDP RESPONSE/PROGRAMMES

- Created 2 education hubs (PEH and CoE) comprised of three (3) universities, one (1) Polytechnic and several schools at Kolej Yayasan Saad in KL East.
- Built our first IBS strata development focused on delivering to the B40 community.
- Completed 536 units of sustainable homes that are 30.0 percent faster with zero construction waste and 10.0 percent lower construction cost.
- Completed 2,379 insulated homes since 2017, with 1,968 more under construction.
  - Lagenda Garden (38 units)
  - Trilia (46 units)
  - Ilham Residence (513 units)
  - Ilham Residence 2 (277 units)
  - Hevea (125 units)
  - Elmina Green 3 (412 units)
  - Elmina Green 4 (349 units)
  - Elmina Green 5 (208 units)
- Achieved 10 years of SUSDEX across 20 plus townships and implemented SUSDEX assessment for ILD, leisure and assets under Sime Darby Property.
- Implemented detailed and stricter quality controls from the inception of the project to the completion of the construction stage.
- Quality review and verification on our materials performance, method and best practices via Trades' Compliance programme.
- Implemented 'Standard Sustainability Product Elements Guideline' for Landed & High Rise Residential and Main Infra/Amenities and Landscape.

PROSPERITY

SUSTAINABILITY ISSUE

Economic Injection (inclusive of strategic sourcing, vendors and job creation)

STAKEHOLDERS

- Vendors
- Communities
- Businesses
- Investors
- Authorities/Government

CONCERNS RAISED

- Value of contracts
- Impact of COVID-19 on ability to meet contractual obligations
- Sourcing and procurement processes
- Vendor support
- Job creation

UN SDGS 2030

- **Target 1.2**
  Reduce poverty by at least 50 percent
- **Target 1.4**
  Equal rights to ownership, basic services, technology and economic resources

- **Target 8.3**
  Promote policies to support job creation and growing enterprises
- **Target 8.5**
  Full employment and decent work with equal pay
- **Target 8.6**
  Promote youth employment, education and training

SIME DARBY PROPERTY 2030 SUSTAINABILITY GOALS & PROGRESS

- **Supporting Local Businesses**
  - o FY2030 target: 90 percent local companies/vendors
  - o FY2021 target: 90 percent local companies/vendors
  - o FY2021 progress: 98.6 percent local companies/vendors (ahead of target)
- **Economic Injection**
  - o FY2030 target: RM10 billion
  - o FY2021 target: RM1 billion
  - o FY2021 progress: RM1.38 billion (above target)
- **Affordable Homes**
  - o FY2030 target: 15,000 units below RM600,000
  - o FY2021 target: 1,000 homes
  - o FY2021 progress: 2,228 homes (ahead of target)
- **Job Creation**
  - o FY2030 target: 100,000 jobs
  - o FY2021 target: 5,000 jobs
  - o FY2021 progress: 2,740 jobs (below target)

SDP RESPONSE/PROGRAMMES

- Supported the local economy with 98.6 percent of contracts awarded to local contractors, with a total of RM1.38 billion in contract value distributed to vendors.
- Enforced the Sime Darby Property COBC
  - o 2.4 Making Our Workplace a Safe Environment
  - o 2.5 Providing Favourable Working Conditions to all Our Employees
  - o 2.6 Freedom of Association
  - o 2.7 Protecting the Rights of Children
  - o 2.8 Eradicating any Form of Exploitation
- Launched the Vendor COBC and Vendor Integrity Pledge in January 2021.
- Rolled out Management Trainee Programme in October.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ENGAGING WITH OUR STAKEHOLDERS

PROSPERITY

SUSTAINABILITY ISSUES
Data/Cyber Security

STAKEHOLDERS
- Customers/ Community
- Vendors
- Authorities/ Government
- NGOs
- Professional Institutions

CONCERNS RAISED
- Protection of personal data and IT security

UN SDGS 2030
- **Target 9.4**
  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

SDP RESPONSE/PROGRAMMES
- Conducted annual security posture assessment and an external cyber security maturity assessment to evaluate the health of our data infrastructure and security systems
- Continuously raised awareness on cyber security through e-learning modules
- Carried out 24/7 security monitoring

SUSTAINABILITY ISSUE
Corruption, Risk & Integrity

STAKEHOLDERS
- Shareholders
- Employees
- Investors
- Authorities/ Government
- Vendors
- Customers

CONCERNS RAISED
- Costs/penalties of noncompliance
- Reputational damage
- Business disruptions
- Productivity and performance level

UN SDGS 2030
- **Target 16.5**
  Substantially reduce corruption and bribery
- **Target 16.B**
  Promote and enforce nondiscriminatory laws and policies

SDP RESPONSE/PROGRAMMES
- Established over 35 Resident Associations in collaboration with Sime Darby Property in support of strong community institutions.
- Established Sustainability & QHSSE Policies.
- Communicated our COBC to all employees to enable sustainability performance related to environmental and social dimensions.
- Recorded zero cases submitted through our whistleblowing channel.
- Communicated constant reminders about our No Gift Policy.

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.

Sime Darby Property held its 48th AGM on 6 May 2021, being its fourth AGM post the listing of Sime Darby Property Berhad in 2017. Due to enforced movement limitations arising from the COVID-19 pandemic and with shareholders' safety as priority, the 48th AGM was, for the second time, conducted on a fully virtual basis held at a broadcast venue.

The notice of the 48th AGM was issued to the shareholders on 7 April 2021 which was more than twenty-eight (28) days before the 48th AGM. The notice of the 48th AGM provided details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly.

Based on the registration data given by Sime Darby Property's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") as at 10.00 a.m. on 4 May 2021, a total of 1,035 shareholders had registered through the Remote Participation Voting facilities at TIIH Online website, for attendance at the 48th AGM which represented 1,247,209,041 ordinary shares, constituting 18.33 percent of the total issued shares of Sime Darby Property.

The Chairman briefed the attending shareholders on the voting procedures and programme outlined, including proceedings that would take place, whereby the holding of the virtual AGM was in line with the provision of the CA 2016, Sime Darby Property's Constitution and the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers issued on 5 March 2021.

The Chairman assured the shareholders of the resilience that has been built by the Group during the challenging operating environment in 2021. There has been significant payoffs from the rationalisation, improved efficiency and strengthening of the financial position which was also reinforced by the greater leverage on technology and the shifts to new directions to meet the new and changing demands.

The Board acknowledged that the pandemic had brought a range of unprecedented challenges for the global financial markets as well as the Malaysian economy and many businesses including to Sime Darby Property. Nonetheless, the Group remained committed and steadfast to maintain its business profitability, focusing on the creation of long-term shareholders' value and adapting to new challenges at the onset of a 'new normal'. Relevant measures and new strategies had been put in place to mitigate the impact and consequences of the pandemic on the business of the Group.

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. All Directors and Senior Management together with the external auditors were present at the 48th 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 48th 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 48th AGM. Thereafter, a copy of the presentation by the GMD was made available on the website upon conclusion of the 48th AGM, followed by the publication of the Minutes of the 48th AGM.

All resolutions tabled at the 48th AGM were carried out by way of poll through electronic voting and the results were announced to Bursa Malaysia on the same day. TIIH was appointed as Poll Administrator to conduct the polling process whilst Deloitte Risk Advisory Sdn Bhd was engaged as an independent scrutineer to verify the poll results.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ENGAGING WITH OUR STAKEHOLDERS

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 Annual Report 2021 onwards together with Circular to Shareholders.
2. E-Lodgement of proxy forms by shareholders for Sime Darby Property's 49th AGM.

Shareholders may register as a user with TIIH Online website at https://tiih.online. An e-mail will be sent to the entitled registered users to enable them to submit their proxy forms through e-submission facility via TIIH Online.

In line with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers last revised on 16 July 2021 and to mitigate the spread of COVID-19 disease, Sime Darby Property will continue to implement remote shareholders' participation and online remote voting (or voting in absentia) at the 49th AGM by leveraging on technology 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 49th 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 49th AGM remotely.

INVESTOR RELATIONS

Sime Darby Property's Investor Relations is principally tasked with facilitating effective communication channels between the Group and the investment community.

The Investor Relations unit has 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.

Any enquiries on investor related matters may be directed to investor.relations@simedarbyproperty.com or:

Sime Darby Property Berhad
Level 5, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301, Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel: +603-7849 5000

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 Malaysia, CA 2016, the MCCG 2021 and the Corporate Governance Guide – 4th Edition issued by Bursa Malaysia and other applicable laws and regulations throughout the FYE 31 December 2021.

This CG Overview Statement was approved by the Board of Sime Darby Property on 24 March 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement of Risk Management and Internal Controls is prepared in accordance with the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") with guidance from Bursa Malaysia's 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers'.

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 has overall responsibility for Sime Darby Property Berhad's risk management practices, controls and accountability systems. One of the key roles of the Board is to establish the risk appetite for which the Group is willing to accept as it pursues its business and strategic objectives. The Board also ensures that Management have put in place sound controls, accountability and reward systems to manage the various business and governance strategies, objectives and commitment. This will provide the required comfort that corresponding strategic and operational risks which would hamper the achievements of the set strategies and objectives are adequately mitigated within its approved risk appetite, as well as the Group's governance and ethical environment.

The Board recognises that in continuously evolving and challenging business environment, the Group's risk management and internal controls system must be designed to manage the Group's exposure, not to eliminate risk. Therefore, the system 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 and internal control systems' adequacy, effectiveness and integrity.

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 risk while continuously monitoring them to safeguard investments and key assets.

Please refer to the Corporate Governance Overview Statement on page 174 of this Annual Report for the full list of responsibilities of the Board, AC and RMC.

AUDIT COMMITTEE

One of the key roles of the AC as delegated by the Board is to assess the adequacy and effectiveness of the Group's governance, risk management and internal controls system through the operations of internal audit reviews conducted by Group Corporate Assurance ("GCA"), internal controls recommendation prepared by external audits and/or any reviews conducted by external consultants/auditors.

The AC has active oversight on 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 by the internal and external auditors to ascertain that the mitigation plans are implemented by Management on a timely manner to ensure proper upkeep of governance and to safeguard the Group's interest.

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 the 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

The RMC, chaired by an independent director, supports the Board by establishing and overseeing the Group's Risk, Compliance and Integrity Management Frameworks while regularly assessing their adequacy and effectiveness.

In 2021, the RMC role was expanded to cover management of sustainability risks and its related frameworks and programmes.

The RMC offers its guidance and assessments through engagements with relevant internal stakeholders, reviews quarterly risk, compliance and sustainability reports and holds discussions with the Chief Risk, Integrity and Compliance Officer, the Head of Safety & Sustainability, as well as the Management. The RMC reviews all significant and material findings by the risk, compliance and sustainability officers to ascertain that the mitigation plans implemented by Management are adequate to safeguard the Group's interest and assets.

The RMC also reviews major investment or divestment business cases and the Management's assessment of its key associated risks (including funding options, costs and investment returns) prior to the Board's approval.

As with 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

AT OPERATIONAL/IMPLEMENTATION LEVEL

MANAGEMENT

The Management, which is accountable to the Board and led by the Group Managing Director ("GMD"), is 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, deliberates on risk, compliance and audit matters every quarter to ensure issues raised by GCA, GRM and GCO are discussed and resolved, where possible at the highest level of the Management.

The Management acknowledges its role in respect to risk management and internal controls which includes:

1. Identifying and evaluating the risks faced by the Group in line with the business objectives, strategies and overall risk appetite;
2. Formulating, implementing, and monitoring relevant controls, policies and procedures to manage key risks and their impact on operating systems and environment;
3. Continuous monitoring of changes to the risk environment, including identifying key emerging risks, taking appropriate mitigation actions and promptly bringing these changes to the Board's attention;
4. Monitoring the implementation of related governance frameworks to achieve intended objectives;
5. Enforcing compliance; and
6. Promptly addressing any shortcomings or incidents of non-compliance with procedures.

GRM and GCO:

The GRM and Group Compliance Office ("GCO") were established as dedicated functions to coordinate, facilitate and support risk management, compliance and integrity frameworks and its activities. The GRM and GCO are led by the Chief Risk, Integrity and Compliance Officer, who together with GRM and GCO, report directly to the RMC, allowing them to remain objective and independent of Management.

The functions and duties of the GRM and GCO are outlined in their respective Charters, which are subject to RMC's approval. Both GRM and GCO's annual scope 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 195 to 197 of this Annual 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 evaluate and improve 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 191 to 194 of this Annual Report for the GCA's mandate and key activities for the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. The Group Enterprise Risk Management ("ERM") framework sets out the Group's risk strategy, objectives, risk governance, structure, practices, tools and the roles and responsibilities in managing the Group's material risks (current and emerging).

The Group's risk governance sets out the roles and responsibilities of the Board, RMC, AC and the parties that make up the three lines of defence for risk management. The Management, business and support units are in the first line of defence to manage the day-to-day risks that are inherent to business operations, as well as the risks taken within the established strategy, objectives, appetite, policies and procedures. The second line of defence, led by the GRM and GCO, as well as other support functions, assists Management and the Board in establishing the required frameworks, policies and procedures that would provide governance, oversight and challenges over 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, policy, procedures and tools, as well as related controls.

The ERM/Risk Management Framework is designed to be in line with the principles of ISO 31000 for risk management. It is integrated into the Group's business activities and processes, and it has become an integral decision-making tool for the Management.

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 the Group 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 to the Group's key business processes and activities to ensure the risk assessment remains current and reflect the ever-changing business environment. 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 such 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 Board every quarter, or as and when required. The RMC reviews and assesses the mitigation actions to manage the Group's overall risk exposure and provides the Management with feedback for improvement.

Please refer to Key Risks and Mitigation Strategy on pages 148 to 153 of this Annual 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 Board Tender Committee to oversee specific responsibilities on its behalf. These board committees play an oversight role in promoting governance, transparency, and accountability, including facilitating the decision-making process based on specific levels of authority as stipulated in its respective terms of reference.

Any change to the structure, composition, and terms of reference for any Board committee will require the Board's approval.

MANAGEMENT COMMITTEES

The Group has established various management committees, chaired by the GMD to ensure that the day-to-day business operations are consistent with the corporate objectives, strategies, business plans and budgets approved by the Board. These committees pool together a wealth of experience and expertise to address key matters arising from operations (internal and external) in a more focused 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, and Talent Council.

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 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 including 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, latest developments in the 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 strategy, business and operational plan. The Board deliberates on the reports to ensure that appropriate actions are taken to resolve issues identified, and where necessary, provide guidance to the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

VALUES, CODE OF CONDUCT AND GROUP POLICIES

A) VALUES AND CONDUCT

The Group has put in place and continuously promotes its core values and Code of Business Conduct to guide the expected behaviour of all employees:

- **Core Values 'PRIME'** – Passion, Respect & Teamwork, Integrity & Accountability, Make It Happen and Entrepreneurial Spirit.
- **Code of Business Conduct** – This covers commitment to our workplace, preservation & protection of the Group's assets and information, fostering open and honest communication, ethical conduct, interaction 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 Code of Business Conduct is publicly available on the Group's website at https://www.simedarbyproperty.com/who-we-are/corporate-governance.**

B) GROUP POLICIES & AUTHORITIES AND LIMITS OF AUTHORITY

The **Group Policies & Authorities** ("GPA") is an essential 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, protection of 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 operating 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.

C) COMPLIANCE, 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 upon detection immediately.

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 relevant laws and regulations that govern the business and operations of the Group. 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
- Sponsorship and Donation Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy

A summary of the above policies is publicly available on the Group's website at https://www.simedarbyproperty.com/who-we-are/corporate-governance

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.

WORKING WITH COUNTERPARTIES

Ethical behaviour is the cornerstone of the Group's belief and practice. 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 and strengthen relationships with counterparties that share the same values and practices, while recognising that some business practices and actions of counterparties may significantly impact the Group which require further guidance to ensure they are not misaligned or are non-compliant with the Group's expectation.

The 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 vendors 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 internal controls, policies, and procedures, as well as the level of compliance with the relevant laws and regulations are subject to ongoing assessment by the GRM, GCO (the Group's second line of defence) and GCA (the Group's third line of defence).

GCA, the in-house internal audit team, helps the Group achieve its objectives by bringing a systematic and disciplined risk-based approach to evaluate the effectiveness of the risk management, control and governance processes. The GCA's annual audit plan is reviewed and approved by the AC, where the planned audits' achievement is monitored every quarter. Audit findings are submitted 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 controls functions to 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 AC with observation on the Group's control environment, where applicable.

MANAGING UNETHICAL PRACTICES AND MATERIAL NON-COMPLIANCE

The Group takes a serious view of any violations 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

HUMAN CAPITAL MANAGEMENT

The Group manages its human capital requirements and its corresponding risks according to its operational needs. It considers the human resource market development to ensure that it retains a highly engaged workforce while continuously attracting top talents. The Group continues to review its workforce requirements and the benefits and rewards framework to ensure that roles are adequately created, sized and compensated for driving a high-performance culture, as well as cultivating a workforce capable of adapting to future changes and innovation.

The Group has:

- 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 acquisition and placement of candidates to ensure their talents match job functions.
- Defined and communicated job descriptions and responsibilities of approved positions on the internal online platform via 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 Resources ("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 trail.

In addressing the COVID-19 pandemic, specifically in safeguarding employees' well-being, the Group set COVID-19 standard operating procedures that, are at minimum, in compliance with the Malaysian Government's guidelines, to curb the spread of the virus at the workplace and provide support to its employees via #SDPCares COVID-19 initiative. The Group also recognises that maintaining good mental health is key to employees' productivity and overall well-being. Thus, the Group provides its employees with access to Jalinan Nurani, a digital service platform for employees to better manage their mental, physical, and financial well-being. Jalinan Nurani provides access to various resources and certified health coaches.

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 Annual Report is issued to shareholders within the stipulated time as prescribed under Bursa Malaysia's MMLR.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Annual Report for the financial year ended 31 December 2021.

AAPG 3 does not require the 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 annual report will, in fact, remedy the problems.

The external auditors had assured the Board that there are no causes for concern that the statement to be included in the Annual Report, in all material respects:

- **a** have not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- **b** are factually inaccurate.

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 risk management and internal controls system to ensure its adequacy and robustness.

CONCLUSION

The Board recognises that the 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 Annual 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 24 March 2022.

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 2021.

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 2021 are as follows:

	Group RM'000	Company RM'000
- Audit fees	1,865	280
- Non-Audit fees	853	274

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 were 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 2021 or entered into since the end of the previous financial period:

(i) Land Option Agreements and Supplemental Call Option Agreements

Sime Darby Property Berhad ("Sime Darby Property") had, on 25 August 2017, entered into nine (9) separate call option agreements ("Land Option Agreements") with Sime Darby Plantation Berhad ("SD Plantation") pursuant to which Sime Darby Property was granted call options by SD Plantation to purchase the legal and beneficial ownership of and titles to the following nine (9) parcels of land at any time during the period commencing from the date of the listing of and quotation for the entire issued share capital of Sime Darby Property on the Main Market of Bursa Malaysia Securities Berhad ("Listing Date") and ending on the date falling five (5) years from the Listing Date with an option to extend for another three (3) years (to be mutually agreed by Sime Darby Property and SD Plantation) at a purchase price to be determined by valuations to be conducted by an agreed independent valuer, subject to the terms and conditions of the respective agreements, which include the prior approval of the shareholders of the parties, if required by applicable law or rules of a stock exchange:

a) 1,862 acres of land located within Kulai A estate in Johor ("Kulai A Estate");
b) 3,186 acres of land located within Kulai B estate in Johor ("Kulai B Estate");
c) 2,000 acres of land located within Sepang estate in Selangor;
d) 993 acres of land located within Sungai Kapar Estate in Selangor;
e) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor ("West Estate, Carey Island");
f) 485 acres of land located within Lothian (Sepang) estate in Selangor;
g) 864 acres of land located within Byram estate in Pulau Pinang ("Byram Estate");
h) 268 acres of land located within Ainsdale West estate in Negeri Sembilan; and
i) 148 acres of land located within Bukit Selarong estate in Kedah ("Bukit Selarong Estate").

The options are granted for a nominal consideration of RM10 each.

Further to the above, Sime Darby Property had, on 17 June 2019, entered into five (5) separate supplemental call option agreements with SD Plantation ("Supplemental Call Option Agreements") to vary, replace and substitute the following option lands under the relevant Land Option Agreements:

(i) Byram Estate;
(ii) Bukit Selarong Estate;
(iii) Kulai A Estate;
(iv) Kulai B Estate; and
(v) West Estate, Carey Island,

with the following lands:

(i) 2,540 acres of land in Bukit Cheraka Estate, District of Kuala Selangor;
(ii) 1,077 acres of land in Bukit Kerayong Estate, District of Kuala Selangor; and
(iii) 2,177 acres of land in Jalan Acob Estate, District of Klang,

together with:

(i) a reduction of the acreage of Kulai A Estate from 1,862 acres to 915 acres; and
(ii) a reduction of the acreage of West Estate, Carey Island from 2,000 acres to 1,350 acres.

At any time during the option period, Sime Darby Property may exercise the call option in respect of the option lands by sending a notice substantially in the form set forth in the respective Land Option Agreements ("Option Notice") to SD Plantation, to require SD Plantation to sell the option lands. The Option

Governance

Notice shall expressly state that the sale of the option land by SD Plantation is subject to the approval of the shareholders of SD Plantation having been obtained (if shareholders' approval shall be required for the sale of that option land under any applicable law or the rules of a stock exchange). Where such shareholders' approval is required, SD Plantation shall seek such shareholders' approval at any time after the issuance of the Option Notice and prior to the execution of the sale and purchase agreement. If shareholders' approval shall be required for the acquisition of that option land under any applicable law or rules of a stock exchange, Sime Darby Property shall seek such shareholders' approval prior to the issuance of the Option Notice.

The parties agree that, not less than three (3) months prior to any of the events referred to above, a valuer shall be appointed to value the option land for the purposes of determining the price payable by Sime Darby Property to SD Plantation for the purchase of the option land. The parties also agree that any such valuation report shall be issued by the valuer no earlier than six (6) months prior to the date of the later of the respective general meetings of shareholders for the shareholders' approvals referred to above (as the case may be).

The agreed independent valuer shall value the option land based on agricultural status with development potential using the methodology as it may determine.

The parties further agreed that, following the acquisition of the relevant option land, if Sime Darby Property intends to lease, rent or grant licenses over any part of the option lands for the purposes of oil palm planting and/or harvesting (and/or agricultural venture), Sime Darby Property agreed to first offer the same to SD Plantation. If SD Plantation exercises its right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached to the respective Land Option Agreements.

Permodalan Nasional Berhad ("PNB") and AmanahRaya Trustees Berhad – Amanah Saham Bumiputera ("ASB") are deemed interested in the Land Option Agreements and Supplemental Call Option Agreements.

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. ASB is also a major shareholder of SD Plantation.

(ii) MVV Option Agreements

Sime Darby Property had, on 25 August 2017, entered into 29 separate call option agreements ("MVV Option Agreements") with Kumpulan Sime Darby Berhad ("KSDB") (12 of the affected option agreements were amended pursuant to separate letters all dated 9 November 2017) where Sime Darby Property was granted call options to purchase the legal and beneficial ownership of and title to 29 parcels of land (being 1 parcel under each call option agreement) or any part thereof, totalling about 8,796 acres, all of which are located within the Mukim of Labu, Negeri Sembilan ("MVV Option Lands") at any time during the period commencing from the Listing Date and ending on the date falling five (5) years from the Listing Date with an option to extend for another three (3) years (to be mutually agreed by Sime Darby Property and KSDB) at a purchase price to be determined by valuations to be conducted by an agreed independent valuer, subject to the terms and conditions of the MVV Option Agreements, which include the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the MVV Option Lands based on market value, using the methodology as it may determine. The option is granted for a nominal consideration of RM10.

PNB and ASB are deemed interested in the MVV Option Agreements.

KSDB is a wholly-owned subsidiary of Sime Darby Berhad ("SDB").

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. ASB is also a major shareholder of SDB and indirect major shareholder of KSDB.

(iii) Donation Agreement

Sime Darby Property had, on 25 August 2017, entered into a donation agreement ("Donation Agreement") with *Yayasan Sime Darby* ("Foundation") where Sime Darby Property endeavours to make an annual cash donation of RM20 million to the Foundation for a term of five (5) years with effect from the Listing 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.

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 areas of community and health, education, youth and sports, environment, and arts and culture (Five Pillars) to further the charitable intent established by the governing council of the Foundation (Agreed Purpose).

With effect from the Listing Date, Sime Darby Property shall apply to be a group (corporate) member of the Foundation and shall thereafter be 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 of the Foundation, which will enable it to monitor and ensure that the monies donated are utilised by the Foundation for the Agreed Purpose. The other (corporate) members of the Foundation are SDB and SD Plantation.

ADDITIONAL COMPLIANCE INFORMATION

The annual cash donation of RM20 million is to be paid by Sime Darby Property to the Foundation in two (2) tranches of RM10 million each, i.e., on or before 7 January and 7 July, such that no accruals will be carried forward to the following period. If Sime Darby Property fails to make the annual cash donation of RM20 million to the Foundation, the governing council of the Foundation 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 of the Foundation 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.

(iv) 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 ("JV Co") ("Joint Venture"), on a 51.0 percent (SDPCH) : 49.0 percent (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.

(v) MVV Sale and Purchase Agreement

Pursuant to MVV Call Option Agreements ("Lot 3235 COA") entered into between Sime Darby Property and KSDB, Sime Darby Property (MVV Central) Sdn Bhd ("SDP MVV Central"), a wholly-owned subsidiary of Sime Darby Property had, on 27 October 2021, entered into a sale and purchase agreement ("MVV Sale and Purchase Agreement") with KSDB where KSDB agreed to sell and SDP MVV Central agreed to purchase part of the land under GRN 76723, Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan ("Lot 3235 Option Land") measuring approximately 760.12 acres ("New Option Land") for a total cash consideration of RM280,000,000. The New Option Land consists of a portion of the Lot 3235 Option Land measuring approximately 656.05 acres which KSDB has offered to Sime Darby Property pursuant to the Sale Notice and an additional portion of the Lot 3235 Option Land measuring approximately 104.07 acres based upon Sime Darby Property's exercise of its option to purchase under the Lot 3235 COA. The MVV Sale and Purchase Agreement is to be completed within three (3) months from the expiry of the fifteen (15) months' conditional period from the date of the MVV Sale and Purchase Agreement or such other date as SDP MVV Central and KSDB may mutually agree in writing.

The purchase price of the New Option Land is to be funded via a combination of internally generated funds and/or external bank borrowings, the quantum of which will only be determined at a later stage after taking into consideration, among others, the actual funding required and eventual amount of bank borrowings.

PNB and ASB are deemed interested in the Lot 3235 COA.

KSDB is a wholly-owned subsidiary of SDB.

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. ASB is also a major shareholder of SDB and indirect major shareholder of KSDB.

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 2021.

5. RECURRENT RELATED PARTY TRANSACTIONS

At the last Annual General Meeting held on 6 May 2021, the Company had obtained a general mandate from its shareholders for the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT mandate").

The aggregate value of the recurrent related party transactions of revenue nature incurred by the Group pursuant to the RRPT mandate for the financial year ended 31 December 2021 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

In Respect of the Audited Financial Statement for the Financial Year Ended 31 December 2021

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 2021, as presented on pages 231 to 349 , 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; and
- consistently applied and supported by reasonable and prudent judgement 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 2021

The Directors hereby present their Report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2021.

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 42.

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 2021 are as follows:

	Group RM thousand	Company RM thousand
Profit before taxation	**268,253**	**221,878**
Taxation	**(117,265)**	**(11,622)**
Profit for the financial year	**150,988**	**210,256**
Profit for the financial year attributable to:		
- owners of the Company	**136,904**	**210,256**
- non-controlling interests	**14,084**	**-**
Profit for the financial year	**150,988**	**210,256**

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, except as disclosed in Note 44(a)(ii) to the financial statements.

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 2021, a first interim single tier dividend of 1.0 sen per ordinary share which was paid on 16 November 2021.	**68,008**

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2021.

DIRECTORS' REPORT
For the financial year ended 31 December 2021

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

There were no 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:

Rizal Rickman Ramli (Chairman)	(Redesignated as Chairman on 7 May 2021)
Dato' Azmir Merican Azmi Merican (Group Managing Director)	
Dato' Jaganath Derek Steven Sabapathy	
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	
Dato' Seri Ahmad Johan Mohammad Raslan	
Datin Norazah Mohamed Razali	
Dato' Soam Heng Choon	
Mohamed Ridza Mohamed Abdulla	
Dato' Hamidah Naziadin	(Appointed on 1 October 2021)
Dr. Lisa Lim Poh Lin	(Appointed on 1 October 2021)
Tan Sri Dr. Zeti Akhtar Aziz	(Retired on 6 May 2021)

By way of relief order dated 28 February 2022, 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 2021 and the said information is deemed incorporated herein by such reference and shall form part hereof.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as Directors' remuneration in Note 10 to the financial statements) 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 38 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 RM153,632.

DIRECTORS' REPORT
For the financial year ended 31 December 2021

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 impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment 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 they 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 impairment 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 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.

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.

DIRECTORS' REPORT
For the financial year ended 31 December 2021

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 audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 31 December 2021 are disclosed in Note 9 to the financial statements.

The auditors, PricewaterhouseCoopers PLT have expressed their willingness to continue in office.

This Report was approved by the Board of Directors on 25 March 2022.

Rizal Rickman Ramli
Chairman

Dato' Azmir Merican Azmi Merican
Group Managing Director

Petaling Jaya
25 March 2022

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, 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 231 to 349 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 2021 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 25 March 2022.

Rizal Rickman Ramli
Chairman

Dato' Azmir Merican Azmi Merican
Group Managing Director

Petaling Jaya

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) 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 231 to 349 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 1835.

Betty Lau Sui Hing
(MIA No. 8511)
Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Betty Lau Sui Hing, at Harrow, Middlesex, United Kingdom on 25 March 2022.

Before me:

Madhubala Colwill
NOTARY PUBLIC

pwc

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 2021, 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 2021 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 a summary of significant accounting policies, as set out on pages 231 to 349.

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
Revenue and cost recognition – property development activities	
The Group and the Company recognise revenue and costs relating to the property development activities using the stage of completion method. The stage of completion is measured using the output method, which is based on the completion of the physical proportion of contract work to date, certified by professional consultants. The Group and the Company recognised revenue of RM1,620.3 million and RM125.3 million respectively and costs of RM1,169.1 million and RM99.3 million respectively from property development activities recognised over time for the financial year ended 31 December 2021. 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: • 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. Refer to Notes 4(a), 6 and 7 to the financial statements.	We performed the following audit procedures: 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 and the determination of the extent of costs incurred 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 corroborated the certified stage of completion with the level of completion based on actual costs incurred to-date over the estimated total property development costs. 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 agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with contractors. We tested 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, correspondence with the relevant parties, where applicable. On a test basis, we checked the mathematical calculation of the percentage of completion and we 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. Based on the above procedures performed, we noted no material exceptions.

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
Recoverability of properties under development and completed properties held for sale	
The Group and the Company have RM5,461.9 million and RM1,155.9 million of properties under development respectively, as well as RM329.6 million and RM6.0 million of completed properties held for sale respectively as at the reporting date. 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. 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. 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 RM1.9 million and RM Nil respectively; and a write-off of RM2.5 million and RM0.2 million respectively in respect of inventories during the financial year. Refer to Notes 4(b), 7 and 21 to the financial statements.	We performed the following audit procedures: 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 controls 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 development units which have recent sale transactions, we compared the carrying amount of these 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 selling cost. For those unsold 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. Based on the above procedures performed, we noted no material exceptions.

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
Provision for onerous commitment	
The Group recorded a provision of RM158.2 million relating to a single onerous commitment on a property previously disposed. The onerous commitment is assessed by management to determine whether an onerous provision is required. Given the cash flows generated is not adequate to cover future commitments, this resulted in the recognition of an onerous commitment in respect of the unavoidable net cash outflows. Management judgement was applied in relation to future disposal value and rental commitment, commitment period and discount rate used when assessing the level of provision required. We focused on valuation and completeness of the onerous commitment provision by assessing the judgements used in arriving at the level of provision made. Refer to Notes 4(f) and 35 to the financial statements.	We performed the following audit procedures: We assessed the appropriateness of the projections by taking into consideration the rental income expected to be received from the third party and the rental rate for the commitment period set out in the rental agreement. We tested the accuracy of the information used within the onerous commitment calculation by agreeing the inputs back to the source data, which includes rental rates, sub-lease income, commitment period and the net lettable area. We assessed the appropriateness of the assumptions adopted in the calculation including discount rate used through comparison to appropriate external benchmarks (i.e. published interest rates). We obtained a legal opinion prepared the Group's legal advisor to understand the Group's legal obligations on this matter. We assessed the appropriateness of the related disclosures in Note 35 of the financial statements. Based on the above procedures performed, we noted no material exceptions.

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
Impairment assessments of non-financial assets with impairment indicators	
Management performed impairment assessments of the non-financial assets of the Group and of the Company, which had impairment indicators. Management obtained and relied on external valuation for impairment assessments of the non-financial assets of the Group and of the Company, which did not result in material losses or impairment during the financial year ended 31 December 2021. We focused on this area as the recoverable amounts of the non-financial assets are determined based on valuations carried out by independent professional valuers, in which the computation of the recoverable amount involves professional judgements and estimates. Refer to Notes 4(g) and 4(h), 11, 12, 19, 20 and 22 to the financial statements.	We performed the following audit procedures: We evaluated the reliability and reasonableness of management's cash flows projections to the approved project's profitability in assessing the recoverable amount. We obtained external valuation from management which was prepared by independent professional external valuers. We evaluated the competency, capabilities and objectivity of the independent professional external valuers by checking their qualification and their registration to the respective boards of each country. We assessed and discussed with the independent professional external valuers of the methodologies used in estimating the fair value of the subjects under valuation. We assessed the reasonableness of assumptions adopted by the independent professional external valuers including term yield, reversion yield and allowance for void used by the valuers to comparable properties. We agreed the input used in the external valuation including rental rates, rental periods, net lettable area and outgoing expenses to the underlying tenancy agreement where applicable. We assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we noted no material exceptions.

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)

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 and Management Discussion and Analysis, which we obtained prior to the date of this auditors' report, and Audit Committee Report, Corporate Governance Overview Statement, Sustainability Report, Risk Management Committee Report, Chairman's Message and other sections of the 2021 Annual 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 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.

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.

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)

(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.

(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 42 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

NURUL A'IN BINTI ABDUL LATIF
02910/02/2023 J
Chartered Accountant

Kuala Lumpur
25 March 2022

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

	Note	Group 2021	Group 2020 Restated	Company 2021	Company 2020
Revenue	6	**2,219,924**	2,062,781	**505,791**	293,245
Cost of sales	7	**(1,656,201)**	(1,742,045)	**(128,028)**	(81,715)
Gross profit		**563,723**	320,736	**377,763**	211,530
Other operating income	8	**12,752**	15,806	**2,484**	1,671
Selling and marketing expenses	9	**(88,985)**	(74,060)	**(6,299)**	(6,209)
Administrative and other expenses	9	**(195,691)**	(233,962)	**(164,067)**	(185,743)
Operating profit		**291,799**	28,520	**209,881**	21,249
Other losses	11	**(2,520)**	(88,022)	**(4,264)**	(75,843)
Share of results of joint ventures	12	**(29,578)**	(419,602)	**-**	-
Share of results of associates	13	**776**	(1,300)	**-**	-
Profit/(Loss) before interest and taxation		**260,477**	(480,404)	**205,617**	(54,594)
Finance income	14	**102,773**	109,944	**59,489**	40,863
Finance costs	15	**(94,997)**	(104,344)	**(43,228)**	(19,296)
Profit/(Loss) before taxation		**268,253**	(474,804)	**221,878**	(33,027)
Taxation	16	**(117,265)**	(60,743)	**(11,622)**	(4,782)
Profit/(Loss) for the financial year		**150,988**	(535,547)	**210,256**	(37,809)
Profit/(Loss) for the financial year attributable to:					
- owners of the Company		**136,904**	(501,566)	**210,256**	(37,809)
- non-controlling interests		**14,084**	(33,981)	**-**	-
		150,988	(535,547)	**210,256**	(37,809)
Basic and diluted earnings/(loss) per share attributable to owners of the Company (Sen)	17	**2.0**	(7.4)		

The notes on pages 242 to 349 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

		Group		Company	
	Note	2021	2020 Restated	2021	2020
Profit/(Loss) for the financial year		**150,988**	(535,547)	**210,256**	(37,809)
Other comprehensive income/(loss)					
Items which will subsequently be reclassified to profit or loss (net of tax):					
Currency translation differences		**62,417**	45,569	**-**	-
Net changes in fair value of investments	23	**(775)**	(2,298)	**(775)**	(2,298)
Share of other comprehensive (loss)/income of associates	13	**(2,658)**	1,074	**-**	-
		58,984	44,345	**(775)**	(2,298)
Reclassified to profit or loss					
Currency translation differences on repayment of net investments	11	**-**	6,642	**-**	-
Total other comprehensive income/(loss) for the financial year		**58,984**	50,987	**(775)**	(2,298)
Total comprehensive income/(loss) for the financial year		**209,972**	(484,560)	**209,481**	(40,107)
Total comprehensive income/(loss)for the financial year attributable to:					
- owners of the Company		**195,558**	(449,065)	**209,481**	(40,107)
- non-controlling interests		**14,414**	(35,495)	**-**	-
		209,972	(484,560)	**209,481**	(40,107)

Reports and Financial Statements

The notes on pages 242 to 349 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

Amounts in RM thousand unless otherwise stated

		Group		
		31.12.2021	31.12.2020	01.01.2020
	Note		Restated	Restated
Non-current assets				
Property, plant and equipment	19	**615,247**	626,178	636,284
Investment properties	20	**774,002**	709,030	745,785
Inventories	21	**3,869,520**	4,474,282	4,542,929
Joint ventures	12	**3,161,988**	2,476,101	2,800,416
Associates	13	**138,035**	139,142	139,137
Investments	23	**53,418**	56,276	58,788
Intangible assets	24	**7,258**	5,721	4,143
Deferred tax assets	25	**623,212**	617,535	594,446
Receivables	26	**75,152**	80,790	50,790
Contract assets	27	**1,248,336**	1,255,602	1,318,352
		10,566,168	10,440,657	10,891,070
Current assets				
Inventories	21	**1,922,797**	1,760,043	1,903,139
Receivables	26	**713,283**	622,660	628,711
Contract assets	27	**1,097,673**	1,123,772	1,198,933
Prepayments		**15,468**	7,794	17,549
Tax recoverable		**31,607**	32,203	23,334
Cash held under Housing Development Accounts	28	**291,466**	345,486	456,706
Bank balances, deposits and cash	29	**618,198**	456,351	286,632
		4,690,492	4,348,309	4,515,004
Total assets		**15,256,660**	14,788,966	15,406,074

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

Amounts in RM thousand unless otherwise stated

		Group		
	Note	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
Equity				
Share capital	30	**6,800,839**	6,800,839	6,800,839
Fair value reserve		**31,718**	35,151	36,375
Exchange reserve		**104,133**	42,046	(11,679)
Retained profits		**2,204,704**	2,135,808	2,829,090
Attributable to Owners of the Company		**9,141,394**	9,013,844	9,654,625
Non-controlling interests	31	**185,143**	179,529	219,162
Total equity		**9,326,537**	9,193,373	9,873,787
Non-current liabilities				
Payables	32	**82,831**	79,184	81,375
Borrowings	33	**2,756,363**	3,033,927	2,408,140
Lease liabilities	34	**45,936**	66,057	74,042
Provisions	35	**136,612**	131,188	99,332
Contract liabilities	27	**243,757**	244,937	251,623
Deferred tax liabilities	25	**184,700**	172,562	163,713
		3,450,199	3,727,855	3,078,225
Current liabilities				
Payables	32	**1,016,242**	1,248,094	1,304,027
Borrowings	33	**1,075,237**	292,542	796,147
Lease liabilities	34	**20,812**	16,880	17,670
Provisions	35	**110,101**	116,681	76,569
Contract liabilities	27	**230,757**	134,241	100,902
Tax provision		**26,775**	59,300	158,747
		2,479,924	1,867,738	2,454,062
Total liabilities		**5,930,123**	5,595,593	5,532,287
Total equity and liabilities		**15,256,660**	14,788,966	15,406,074

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2021

Amounts in RM thousand unless otherwise stated

	Note	Company	
		2021	**2020**
Non-current assets			
Property, plant and equipment	19	**20,600**	27,212
Subsidiaries	22	**7,911,038**	6,768,048
Inventories	21	**1,057,817**	1,052,552
Joint ventures	12	**-**	-
Associates	13	**47,223**	46,448
Investments	23	**53,418**	56,276
Intangible assets	24	**5,724**	4,628
Deferred tax assets	25	**25,876**	29,708
Receivables	26	**1,490,088**	1,965,553
		10,611,784	9,950,425
Current assets			
Inventories	21	**104,111**	133,711
Receivables	26	**492,496**	170,311
Contract assets	27	**38,583**	33,257
Prepayments		**3,514**	4,164
Tax recoverable		**5,561**	1,585
Cash held under Housing Development Accounts	28	**17,290**	47,324
Bank balances, deposits and cash	29	**86,573**	191,945
		748,128	582,297
Total assets		**11,359,912**	10,532,722

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2021

Amounts in RM thousand unless otherwise stated

	Note	Company 2021	Company 2020
Equity			
Share capital	30	**6,800,839**	6,800,839
Fair value reserve		**17,918**	18,693
Retained profits		**2,310,540**	2,168,292
Attributable to Owners of the Company/Total Equity		**9,129,297**	8,987,824
Non-current liabilities			
Payables	32	**6,667**	-
Borrowings	33	**1,163,641**	1,229,996
Lease liabilities	34	**8,012**	15,679
		1,178,320	1,245,675
Current liabilities			
Payables	32	**174,793**	162,524
Borrowings	33	**773,041**	69,462
Lease liabilities	34	**7,662**	7,426
Provisions	35	**4,025**	-
Contract liabilities	27	**92,774**	59,811
		1,052,295	299,223
Total liabilities		**2,230,615**	1,544,898
Total equity and liabilities		**11,359,912**	10,532,722

The notes on pages 242 to 349 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

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
2021								
At 1 January 2021								
- as previously stated		**6,800,839**	**35,151**	**42,046**	**2,225,657**	**9,103,693**	**185,763**	**9,289,456**
- effect of the adoption of Agenda Decision		**-**	**-**	**-**	**(89,849)**	**(89,849)**	**(6,234)**	**(96,083)**
- as restated		**6,800,839**	**35,151**	**42,046**	**2,135,808**	**9,013,844**	**179,529**	**9,193,373**
Profit for the financial year		**-**	**-**	**-**	**136,904**	**136,904**	**14,084**	**150,988**
Other comprehensive (loss)/income for the financial year		**-**	**(3,433)**	**62,087**	**-**	**58,654**	**330**	**58,984**
Total comprehensive (loss)/income for the financial year		**-**	**(3,433)**	**62,087**	**136,904**	**195,558**	**14,414**	**209,972**
Transactions with owners:								
- dividends paid	18	**-**	**-**	**-**	**(68,008)**	**(68,008)**	**(8,800)**	**(76,808)**
At 31 December 2021		**6,800,839**	**31,718**	**104,133**	**2,204,704**	**9,141,394**	**185,143**	**9,326,537**
2020								
Restated								
At 1 January 2020								
- as previously stated		6,800,839	36,375	(11,679)	2,896,175	9,721,710	228,296	9,950,006
- effect of the adoption of Agenda Decision		-	-	-	(67,085)	(67,085)	(9,134)	(76,219)
- as restated		6,800,839	36,375	(11,679)	2,829,090	9,654,625	219,162	9,873,787
Loss for the financial year		-	-	-	(501,566)	(501,566)	(33,981)	(535,547)
Other comprehensive (loss)/income for the financial year		-	(1,224)	53,725	-	52,501	(1,514)	50,987
Total comprehensive (loss)/income for the financial year		-	(1,224)	53,725	(501,566)	(449,065)	(35,495)	(484,560)
Transactions with owners:								
- dividends paid	18	-	-	-	(204,025)	(204,025)	(4,400)	(208,425)
- reversal of tax provision on waiver on intercompany loan		-	-	-	15,409	15,409	-	15,409
- acquisition of non- controlling interest		-	-	-	(3,100)	(3,100)	262	(2,838)
At 31 December 2020		6,800,839	35,151	42,046	2,135,808	9,013,844	179,529	9,193,373

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

Company	Note	Share capital	Fair value reserve	Retained profits	Total equity
2021					
At 1 January 2021		**6,800,839**	**18,693**	**2,168,292**	**8,987,824**
Profit for the financial year		**-**	**-**	**210,256**	**210,256**
Other comprehensive loss for the financial year		**-**	**(775)**	**-**	**(775)**
Total comprehensive (loss)/income for the financial year		**-**	**(775)**	**210,256**	**209,481**
Transactions with owners:					
- dividend paid	18	**-**	**-**	**(68,008)**	**(68,008)**
At 31 December 2021		**6,800,839**	**17,918**	**2,310,540**	**9,129,297**
2020					
At 1 January 2020		6,800,839	20,991	2,410,126	9,231,956
Loss for the financial year		-	-	(37,809)	(37,809)
Other comprehensive loss for the financial year		-	(2,298)	-	(2,298)
Total comprehensive loss for the financial year		-	(2,298)	(37,809)	(40,107)
Transactions with owners:					
- dividend paid	18	-	-	(204,025)	(204,025)
At 31 December 2020		6,800,839	18,693	2,168,292	8,987,824

The notes on pages 242 to 349 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

		Group		Company	
	Note	2021	2020 Restated	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) for the financial year		**150,988**	(535,547)	**210,256**	(37,809)
Adjustments for:					
Share of results of:					
- joint ventures		**29,578**	419,602	**-**	-
- associates		**(776)**	1,300	**-**	-
Amortisation of intangible assets		**1,955**	1,652	**1,586**	1,501
Depreciation of:					
- property, plant and equipment		**33,489**	34,714	**9,218**	10,946
- investment properties		**29,250**	25,731	**-**	-
Impairment losses on:					
- property, plant and equipment		**415**	5,965	**-**	-
- investment properties		**-**	22,034	**-**	-
Net write-down of inventories		**1,882**	125,284	**-**	7,111
Write-off of:					
- property, plant and equipment		**98**	237	**-**	57
- inventories		**2,543**	73,111	**162**	3,021
- receivables		**-**	417	**-**	-
Gain on disposal of investment properties		**(948)**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	(15)	**-**	-
Changes in fair value of quoted investments		**-**	214	**-**	214
Provisions		**1,788**	73,735	**4,025**	-
Other items [note (a)]		**318**	17,166	**7,848**	77,354
Finance income		**(102,773)**	(109,944)	**(59,489)**	(40,863)
Finance costs		**94,997**	104,344	**43,228**	19,296
Taxation		**117,265**	60,743	**11,622**	4,782
Unrealised foreign currency exchange loss/(gain)		**-**	2,054	**(5,832)**	-
		360,069	322,797	**222,624**	45,610
Changes in working capital:					
- inventories		**383,408**	50,944	**24,173**	(5,446)
- trade and other receivables		**(90,915)**	3,533	**(8,977)**	(28,055)
- contract assets and contract liabilities		**221,897**	262,718	**27,637**	110,780
- trade and other payables		**(237,890)**	(65,503)	**667**	(4,234)
		636,569	574,489	**266,124**	118,655

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note		**Restated**		
Cash generated from operations		**636,569**	574,489	**266,124**	118,655
Tax paid		**(142,733)**	(167,828)	**(11,766)**	(24,815)
Dividends received from investments, joint ventures and associates		**504**	3,595	**345**	-
Net cash from operating activities		**494,340**	410,256	**254,703**	93,840
CASH FLOWS FROM INVESTING ACTIVITIES					
Finance income received		**8,871**	10,509	**58,722**	40,043
Proceeds from sale of:					
- property, plant and equipment		**-**	17	**-**	2
- investment properties		**1,020**	-	**-**	-
Purchase of:					
- property, plant and equipment		**(5,491)**	(17,008)	**(2,606)**	(633)
- investment properties		**(9,030)**	(14,206)	**-**	-
- intangible assets		**(3,492)**	(3,230)	**(2,682)**	(2,264)
Advances to joint ventures and associates		**-**	(37,031)	**-**	(32,031)
Advances to subsidiaries		**-**	-	**(203,860)**	(507,987)
Subscription of shares in subsidiaries		**-**	-	**(781,729)**	(33,734)
Proceeds from capital reduction by a subsidiary		**-**	-	**323**	8,152
Subscription of shares in joint ventures		**(660,779)**	(45,865)	**-**	-
Proceed from liquidation of an associate		**-**	950	**-**	950
Net cash used in investing activities		**(668,901)**	(105,864)	**(931,832)**	(527,502)
CASH FLOW FROM FINANCING ACTIVITIES					
Finance costs paid		**(133,848)**	(145,662)	**(42,101)**	(18,202)
Borrowings raised	33	**98,791**	872,704	**-**	800,000
Repayments of borrowings	33	**(325,252)**	(188,299)	**(67,000)**	-
Revolving credits (net)	33	**736,929**	(560,000)	**708,929**	-
Repayments of lease liabilities	34	**(17,422)**	(15,853)	**(7,431)**	(9,588)
Net advances from/(repayment to) subsidiaries	32	**-**	-	**17,334**	(84,856)
Dividends paid on ordinary shares		**(68,008)**	(204,025)	**(68,008)**	(204,025)
Dividends paid to non-controlling interests		**(8,800)**	(4,400)	**-**	-
Acquisition of non-controlling interest		**-**	(2,838)	**-**	-
Net cash from/(used in) financing activities		**282,390**	(248,373)	**541,723**	483,329

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

	Note	Group 2021	Group 2020 Restated	Company 2021	Company 2020
Net increase/(decrease) in cash and cash equivalents		**107,829**	56,019	**(135,406)**	49,667
Foreign exchange differences		**(2)**	2,480	**-**	-
Cash and cash equivalents at the beginning of the financial year		**801,837**	743,338	**239,269**	189,602
Cash and cash equivalents at the end of the financial year [note (b)]		**909,664**	801,837	**103,863**	239,269
a. Other items:					
Net impairment losses on:					
- investment in subsidiaries		**-**	-	**8,128**	12,163
- trade and other receivables		**(1,503)**	12,837	**(2,035)**	1,611
- contract assets		**(70)**	-	**-**	-
- quoted investment		**2,083**	-	**2,083**	-
- amounts due from subsidiaries		**-**	-	**-**	65,455
- amounts due from a joint venture		**-**	(1,296)	**-**	-
Loss from liquidation of subsidiaries		**-**	-	**17**	-
Foreign currency exchange loss transferred from equity		**-**	6,642	**-**	-
Gain on liquidation of an associate		**-**	(950)	**-**	(350)
Others		**(192)**	(67)	**(345)**	(1,525)
		318	17,166	**7,848**	77,354
b. Cash and cash equivalents at the end of the financial year:					
Cash held under Housing Development Accounts	28	**291,466**	345,486	**17,290**	47,324
Bank balances, deposits and cash	29	**618,198**	456,351	**86,573**	191,945
		909,664	801,837	**103,863**	239,269

The notes on pages 242 to 349 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 42.

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 significant accounting policies 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

Amendments to MFRS 16 - COVID-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2
Agenda Decision on IAS 2 Costs Necessary to Sell Inventories
Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods ("Agenda Decision")

The adoption of the above did not result in any significant changes to the Group's results and financial position except for the adoption of Agenda Decision. The impact on adoption of Agenda Decision is shown in Note 43.

Amounts in RM thousand unless otherwise stated

2 BASIS OF PREPARATION (CONTINUED)

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

b. Accounting pronouncements that are not yet effective and have not been early adopted

i. New standard and amendments that are effective on or after 1 January 2022, where their adoption is not expected to result in any significant changes to the Group's and to the Company's results or financial position.

MFRS 17 and related amendments	Insurance Contracts
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS 1	Subsidiary as First-time Adopter
Annual Improvements to MFRS 9	Fees in the '10 percent' Test for Derecognition of Financial Liabilities
Annual Improvements to Illustrative Example accompanying MFRS 16	Leases: Lease Incentives
Annual Improvements to MFRS 141	Taxation in Fair Value Measurements

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES

These significant accounting policies 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.

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.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of consolidation (continued)

ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

iii. 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 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.

iv. 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)(iii) above.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, including goodwill and fair value adjustments arising on consolidation, 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 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.

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

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%
Vehicles, equipment and fixtures	20% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation and, which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties 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 of 99 years
Buildings and buildings improvements	buildings - 2% and buildings improvements - 16.7% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

e. Right-of-use assets

The right to use an underlying asset for the lease term is recognised as a right-of-use asset ("ROU"). ROUs are presented under property, plant and equipment and investment properties and are stated at cost less accumulated amortisation and accumulated impairment losses.

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.

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. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their contractual periods or estimated useful lives once they are available for use. The annual amortisation rates are 5% to 33.3%. Intangible assets that is in the course of development are not amortised as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. 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.

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.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Financial assets

The Group's and the Company's financial assets are classified into three categories and the accounting policy for each of these categories are as follows:

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.

Financial assets are classified as current assets 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. For financial assets measured at FVTPL and FVOCI, the classification is based on expected date of realisation of the assets.

Regular way of purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group and the Company. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Assets (or disposal groups) 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.

A discontinuing operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinuing operations are presented separately in the statement of profit or loss and statement of comprehensive income.

k. 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.

l. Impairment

Intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets, investment in subsidiaries and interest in 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.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment losses are as follows:

i. <u>Non-financial assets</u>

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment loss on non-financial assets is charged to profit or loss.

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. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Impairment (continued)

The recognition and measurement of impairment losses are as follows: (continued)

ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in the profit or loss.

iii. 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 macro economic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment loss is measured at an amount equal to lifetime expected credit losses ("Lifetime ECL – Underperforming").

Full impairment losses are made for financial assets and contract assets that are determined to be credit-impaired ("Lifetime ECL – Credit Impaired"). These are debtor who have defaulted on payments and are in financial difficulties.

Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive over the lifetime of the financial instrument.

m. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. 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 interest expense.

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.

o. Employee costs

i. Short-term employee benefits

Wages, salaries, paid annual leave and sick 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. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary separation.

p. 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 plus 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.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Leases

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease.

Except under Amendment to MFRS 16 - COVID-19 - Related Rent Concessions where the Group has elected to apply the practical expedient to recognise the rent concession as a variable lease payment, lease liabilities are remeasured when there is a change in the lease term, a revision to the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The amount of remeasurement of the lease liability is adjusted to the ROU. If the carrying amount of ROU is reduced to zero, any further reduction in the measurement of the lease liability is recognised in the profit or loss.

Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

Short-term leases of 12 months or less at the commencement date and leases for which the underlying asset is of low value are not recognised as ROU and lease liabilities. Lease payments associated with those leases are charged to the profit or loss on a straight-line basis over the lease term.

r. 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. Bank overdrafts, if any, are included within borrowings in current liabilities on the statements of financial position.

s. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. Revenue recognition (continued)

i. Revenue from property development (continued)

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 promised 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 promised 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 promised property for another use is substantive and the promised 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 to the customer the development units promised, and have the rights to complete the construction of the properties and enforce its rights to full payment.

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

Revenue from the supply of teaching equipment is recognised when:

- the Group has delivered and transferred the physical possession of the asset and has a present right to payment for the asset; and
- the customer has accepted the assets after these assets have been tested and commissioned and the customer has significant risks and rewards of ownership of the asset.

Maintenance service charges are recognised over the period which the services are rendered.

iii. Revenue from golf club activities

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities and sale of golfing equipment, which are separate performance obligation. The transaction price will be allocated to each of the separate performance obligations. When these are not directly observable, they are estimated based on expected cost plus margin and net of discounts, allowance and indirect taxes.

Revenue from golf club activities except for golf club membership fees is recognised when the services are rendered or goods are delivered. The payment of the transaction price is due immediately upon delivery of the services or sale of goods. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.

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.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. Revenue recognition (continued)

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.

t. 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.

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.

The Group had adopted the Agenda Decision to exclude properties under construction where control of these properties is transferred over time as qualifying assets for the purposes of borrowing cost capitalisation.

The adoption of the Agenda Decision had been applied retrospectively where comparative information for December 2020 have been restated. The cumulative effects of initially adopting the Agenda Decision were adjusted against retained earnings as at 1 January 2020.

The detailed impact of the adoption of the Agenda Decision are set out in Note 43.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. 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.

v. 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.

w. 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. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

Amounts in RM thousand unless otherwise stated

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.

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 based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

During the financial year ended 31 December 2021, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM1,620.3 million (2020: RM1,498.9 million) and RM125.3 million (2020: RM36.2 million) respectively and cost of RM1,169.1 million (2020 (restated): RM1,126.0 million) and RM99.3 million (2020: RM22.7 million) respectively.

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. In the current financial year, further review on the estimation of the selling price are conducted in particular the impact of the COVID-19 pandemic to the market demand.

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 will, in all likelihood, 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 2021, the Group and the Company have written down inventories by RM1.9 million (2020 (restated): RM125.3 million) and RM Nil (2020: RM7.1 million) respectively. The Group and the Company have also written-off inventories by RM2.5 million (2020: RM73.1 million) and RM0.2 million (2020: RM3.0 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

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)

c. Capitalisation of borrowing costs

The Group capitalises borrowing costs that are directly attributable to the property development activities. The Group ceases the capitalization of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Significant judgement is involved in determining whether the development activities carried out meet the criteria for capitalisation of borrowing costs and, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

During the financial year ended 31 December 2021, the Group capitalised RM47.5 million (2020 (restated): RM48.7 million) borrowing costs into inventories.

d. Deferred tax assets

Deferred tax assets arose mainly from property development, unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding the future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Deferred tax assets relating to property development are mainly attributable to unrealised profits reversed at the Group level, which arose from disposal of lands within the Group. Deferred taxation on unrealised profits are charged to the profit or loss upon sales of developed units to the customers.

The future taxable profits are determined based on the expected future profits arising from the Group's property development projects including other income expected to be generated from these projects. In evaluating whether it is probable that future taxable profits will be available, all available evidences were considered, including the approved budgets and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and measurement of the Group's performance.

The deferred tax assets recognised are disclosed in Note 25.

e. Income tax

The Group is subjected to income taxes in various jurisdictions where it operates. Significant judgement is required in determining the estimated taxable income based on the contractual arrangements entered into by the Group, the amount of capital allowances claimed, tax provisions for the purpose of complying with relevant accounting standards and deductibility of certain expenses based on the interpretation of the tax laws and legislations.

Where the final tax outcome is different from the amounts that were initially recorded, such differences may result in significant impact on the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

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)

f. Provisions

Provision has been made in respect of an undertaking arrangement entered on the disposal of a property in financial year 2017.

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. Significant assumptions are used in the calculations and changes in assumptions and future events could cause the value of these provisions to change. The provision for this undertaking is disclosed in Note 35.

g. Impairment of property, plant and equipment, investment properties, right-of-use assets, intangible assets and investment in joint ventures

The Group tests property, plant and equipment, investment properties, right-of-use assets, intangible assets and investment in joint ventures for impairment if there is any objective evidence in accordance with the respective accounting policies. The determination of the recoverable amount involves significant judgement over the future performance of these assets or entities, which may differ materially from the actual results.

During the financial year ended 31 December 2021, the Group has recognised impairment of property, plant and equipment and investment property totalling RM0.4 million (2020: RM28.0 million) as disclosed in Note 11.

h. Impairment losses on cost of investment in subsidiaries and recoverability of amount due from subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries 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.

As at 31 December 2021, the accumulated impairment losses on investment in subsidiaries and amount due from subsidiaries amounted to RM1,340.8 million (2020: RM1,207.9 million) and RM54.6 million (2020: RM226.2 million) respectively.

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 foreign currency exchange risk, price risk, interest rate risk, credit risk and liquidity and cash flow 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

i. Foreign currency exchange risk

The Group has minimal exposure to foreign currency transaction risk as the Group's financial assets and liabilities are largely denominated in the Group's functional currencies. However, 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 hedge its long term investment in foreign operations but hedges planned capital injection, where necessary, to minimise adverse impact arising from short term fluctuation in foreign currency exchange rates.

ii. Price risk

The Group and the Company are exposed to securities price risk arising from investments held which are classified in the statements of financial position as investments. The Group and the Company consider the impact of changes in prices of equity securities on the statements of profit or loss and the statements of comprehensive income to be insignificant.

iii. 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 40(a).

iv. Credit risk

Financial assets that are primarily exposed to credit risk are receivables 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 comprise 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.

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

iv. Credit risk (continued)

Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring the limit of the Group's associations to business partners and their credit worthiness. 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 40(c).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

v. 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.

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 2021, the Group has an existing unutilised Islamic Medium Term Notes of RM3,700.0 million and unutilised bank credit facilities of RM1,064.9 million which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and the Company comprise the following:

	Group		Company	
	2021	**2020**	**2021**	**2020**
Cash held under Housing Development Accounts [Note 28]	**291,466**	345,486	**17,290**	47,324
Bank balances, deposits and cash [Note 29]	**618,198**	456,351	**86,573**	191,945
	909,664	801,837	**103,863**	239,269

The Group believes that its contractual obligations, including those shown in contingent liabilities, material litigation and capital commitments in Note 36 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 40(b).

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 $AA+_{IS}$ 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	
	2021	**2020**	**2021**	**2020**
Borrowings				
- principal	**3,821,154**	3,316,513	**1,933,257**	1,296,511
- interest	**10,446**	9,956	**3,425**	2,947
Total borrowings	**3,831,600**	3,326,469	**1,936,682**	1,299,458
Lease liabilities	**66,748**	82,937	**15,674**	23,105
Total debt	**3,898,348**	3,409,406	**1,952,356**	1,322,563
Total equity	**9,326,537**	9,193,373	**9,129,297**	8,987,824
Gearing ratio	**41.8%**	37.1%	**21.4%**	14.7%

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 2021

Amounts in RM thousand unless otherwise stated

6 REVENUE

	Group		Company	
	2021	**2020**	**2021**	**2020**
Revenue from contracts with customers	**2,148,360**	2,014,658	**288,191**	251,153
Revenue from other sources:				
- rental income from investment properties and other assets	**71,564**	48,123	**4,147**	2,692
- dividend income from subsidiaries	**-**	-	**213,108**	37,600
- dividend income from investment	**-**	-	**345**	-
- dividend income from associates	**-**	-	**-**	1,800
	2,219,924	2,062,781	**505,791**	293,245
Disaggregation of the revenue from contract with customers:				
Property development	**2,057,424**	1,909,532	**174,871**	123,933
Property investment				
- maintenance service charges	**29,851**	26,658	**-**	-
- supply of teaching equipment	**417**	1,525	**-**	-
- others	**6,969**	7,009	**-**	-
Leisure and hospitality				
- golf club activities	**53,157**	60,596	**-**	-
- others	**542**	9,338	**-**	-
Management fee charged to subsidiaries	**-**	-	**113,320**	127,220
	2,148,360	2,014,658	**288,191**	251,153
Geographical markets				
Malaysia	**2,147,880**	1,893,617	**287,920**	250,844
Vietnam	**480**	549	**-**	-
Australia	**-**	120,492	**-**	-
Singapore	**-**	-	**215**	157
United Kingdom	**-**	-	**56**	152
	2,148,360	2,014,658	**288,191**	251,153
Timing of revenue recognition				
Over time	**1,681,342**	1,558,594	**238,638**	163,401
At a point in time	**467,018**	456,064	**49,553**	87,752
	2,148,360	2,014,658	**288,191**	251,153

Revenue from contracts with customers of the Group and of the Company include RM134.2 million (2020: RM100.9 million) and RM59.8 million (2020: RM17.0 million) respectively that were included in contract liabilities at the beginning of the reporting period.

Amounts in RM thousand unless otherwise stated

7 COST OF SALES

	Group		Company	
	2021	**2020 Restated**	**2021**	**2020**
Property development costs	**1,169,053**	1,125,978	**99,341**	22,684
Cost of completed development units sold	**299,031**	225,792	**5,743**	50,385
Write-down of inventories	**1,882**	125,284	**-**	7,111
Write-off of inventories	**2,543**	73,111	**162**	3,021
Other direct expenses	**65,114**	61,766	**21,152**	(3,382)
Cost under concession arrangement	**20,040**	17,481	**-**	-
Employee costs	**61,623**	78,072	**1,614**	1,752
Depreciation of:				
- property, plant and equipment	**6,658**	7,651	**16**	144
- investment properties	**28,936**	25,263	**-**	-
Amortisation of intangible assets	**172**	9	**-**	-
Rental of land and buildings	**333**	351	**-**	-
Hire of plant and machinery	**816**	1,287	**-**	-
	1,656,201	1,742,045	**128,028**	81,715

8 OTHER OPERATING INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
Late payment interest	**3,504**	3,167	**167**	-
Forfeiture of deposits	**1,566**	2,389	**68**	233
Recoveries and claims	**986**	2,286	**-**	-
Rental income	**922**	712	**552**	503
Non-refundable tender deposits	**813**	489	**53**	66
Maintenance charges	**574**	488	**125**	-
Other miscellaneous income	**4,387**	6,275	**1,519**	869
	12,752	15,806	**2,484**	1,671

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2021	**2020**	**2021**	**2020**
Selling and marketing expenses	**88,985**	74,060	**6,299**	6,209
Administrative and other expenses	**195,691**	233,962	**164,067**	185,743
	284,676	308,022	**170,366**	191,952
Selling, marketing, administrative and other expenses comprise the following:				
Depreciation, amortisation, impairment losses and write-off				
Depreciation of:				
- property, plant and equipment	**26,831**	27,063	**9,202**	10,802
- investment properties	**314**	468	**-**	-
Amortisation of intangible assets	**1,783**	1,643	**1,586**	1,501
Impairment losses on receivables	**2,906**	14,753	**-**	1,611
Reversal of impairment losses on receivables	**(4,409)**	(1,916)	**(2,035)**	-
Write-off of property, plant and equipment	**98**	237	**-**	57
Bad debt recovered	**-**	(67)	**-**	-
	27,523	42,181	**8,753**	13,971
Auditors' remuneration				
Fees for statutory audits				
- PricewaterhouseCoopers PLT, Malaysia	**1,360**	1,282	**280**	260
- member firms of PricewaterhouseCoopers International Limited	**505**	519	**-**	-
- other firm	**126**	14	**-**	-
Fees for other assurance related services				
- PricewaterhouseCoopers PLT, Malaysia	**379**	272	**240**	233
	2,370	2,087	**520**	493
Fees for non-audit services				
- PricewaterhouseCoopers PLT, Malaysia	**124**	329	**34**	329
- member firms of PricewaterhouseCoopers International Limited	**350**	125	**-**	-
	2,844	2,541	**554**	822

Amounts in RM thousand unless otherwise stated

9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

	Group		Company	
	2021	**2020**	**2021**	**2020**
Selling, marketing, administrative and other expenses comprise the following: (continued)				
Employee and Directors costs				
Employee costs	**116,553**	139,416	**105,546**	130,467
Directors' fees and allowances	**2,970**	3,243	**2,970**	3,243
	119,523	142,659	**108,516**	133,710
Others				
Advertising and promotion	**52,250**	31,680	**4,260**	4,701
Sales commission and other selling expenses	**10,770**	12,308	**2,039**	1,508
Contribution payable to Yayasan Sime Darby	**20,000**	10,000	**14,500**	5,000
Rental of land and buildings	**98**	1,198	**-**	-
Hire of plant and machinery	**510**	520	**331**	617
IT related expenses	**14,164**	13,312	**13,052**	11,339
Other operating expenses	**36,994**	51,623	**18,361**	20,284
	134,786	120,641	**52,543**	43,449
Total	**284,676**	308,022	**170,366**	191,952

In the previous financial year, as a result of COVID-19 pandemic, the Company had received rent concessions from its subsidiary amounting to RM165,780.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

10 EMPLOYEE AND DIRECTORS COSTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
Employee and Directors costs included in:				
- cost of sales	**61,623**	78,072	**1,614**	1,752
- selling, marketing, administrative and other expenses	**119,523**	142,659	**108,516**	133,710
	181,146	220,731	**110,130**	135,462
Staff:				
- salaries, allowances, overtime and bonus	**134,144**	144,800	**80,857**	87,839
- defined contribution plan	**22,410**	22,229	**12,137**	13,985
- termination benefits	**-**	24,220	**-**	13,289
- training, insurance and other benefits	**17,715**	24,803	**10,259**	15,670
	174,269	216,052	**103,253**	130,783
Executive Directors:				
- salaries, allowances and bonus	**3,376**	1,262	**3,376**	1,262
- defined contribution plan	**531**	174	**531**	174
	3,907	1,436	**3,907**	1,436
Non-Executive Directors:				
- fees	**2,970**	3,204	**2,970**	3,204
- allowances	**-**	39	**-**	39
	2,970	3,243	**2,970**	3,243
Total	**181,146**	220,731	**110,130**	135,462

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM7,312 (2020: RM4,384) and RM234,254 (2020: RM233,714) 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 RM2.0 million (2020: RM Nil).

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 2021 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.

Amounts in RM thousand unless otherwise stated

11 OTHER LOSSES

	Group		Company	
	2021	**2020**	**2021**	**2020**
Gain on disposal of:				
- investment properties	**948**	-	**-**	-
- property, plant and equipment	**-**	15	**-**	-
(Impairment losses)/Reversal of impairment losses on:				
- quoted investment	**(2,083)**	-	**(2,083)**	-
- property, plant and equipment	**(415)**	(5,965)	**-**	-
- investment properties	**-**	(22,034)	**-**	-
- investment in subsidiaries	**-**	-	**(8,128)**	(12,163)
- amounts due from subsidiaries [Note 26]	**-**	-	**-**	(65,455)
- amounts due from a joint venture [Note 26]	**-**	1,296	**-**	-
Loss from liquidation of subsidiaries	**-**	-	**(17)**	-
Gain on liquidation of an associate	**-**	950	**-**	350
Surplus from capital reduction by a subsidiary	**-**	-	**-**	1,359
Changes in fair value of quoted investments	**-**	(214)	**-**	(214)
Provision on obligation in relation to a property disposed [Note 35]	**-**	(50,776)	**-**	-
Foreign currency exchange loss transferred from equity	**-**	(6,642)	**-**	-
Foreign currency exchange (losses)/gain:				
- realised	**(970)**	(2,598)	**132**	280
- unrealised	**-**	(2,054)	**5,832**	-
	(2,520)	(88,022)	**(4,264)**	(75,843)

12 JOINT VENTURES

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 42.

The Group's joint ventures are accounted for using the equity method in the financial statements.

The Directors are of the opinion that Battersea Project Holding Company Limited ("Battersea"), a property company incorporated and domiciled in Jersey, is material to the Group. Other joint ventures are individually immaterial to the Group.

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For the financial year ended 31 December 2021

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12 JOINT VENTURES (CONTINUED)

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.

The Group's investments in joint ventures are as follows:

Group	Battersea	Others	Total
31.12.2021			
Share of results	**(30,061)**	**483**	**(29,578)**
Unquoted shares, at costs	**3,419,759**	**103,918**	**3,523,677**
Unrealised profit	**-**	**(46,614)**	**(46,614)**
Share of post-acquisition reserves	**(364,460)**	**(43,796)**	**(408,256)**
Shareholder's advances	**-**	**93,181**	**93,181**
Carrying amount as at 31 December 2021	**3,055,299**	**106,689**	**3,161,988**
Dividend income	**-**	**312**	**312**
Unrecognised share of loss:			
- At 1 January 2021	**-**	**21,740**	**21,740**
- Total for the financial year	**-**	**14,180**	**14,180**
- At 31 December 2021	**-**	**35,920**	**35,920**
31.12.2020			
Restated			
Share of results (restated)	(395,428)	(24,174)	(419,602)
Unquoted shares, at costs	2,698,450	101,731	2,800,181
Unrealised profit	-	(46,614)	(46,614)
Share of post-acquisition reserves	(326,532)	(39,958)	(366,490)
Shareholder's advances	-	93,181	93,181
Carrying amount at the end of the financial year, as previously reported	2,371,918	108,340	2,480,258
Effects from Agenda Decision [Note 43]	-	(4,157)	(4,157)
Carrying amount as at 31 December 2020 (restated)	2,371,918	104,183	2,476,101
Dividend income	-	1,794	1,794
Unrecognised share of loss for the financial year/as at 31 December 2020	-	21,740	21,740

Amounts in RM thousand unless otherwise stated

12 JOINT VENTURES (CONTINUED)

The Group's investments in joint ventures are as follows: (continued)

01.01.2020 **Restated**	**Battersea**	**Others**	**Total**
Carrying amount as at 1 January 2020, as previously reported	2,687,799	117,202	2,805,001
Effects from Agenda Decision [Note 43]	-	(4,585)	(4,585)
Carrying amount as at 1 January 2020	2,687,799	112,617	2,800,416

The Company's investment in a joint venture is as follows:

	Company	
	2021	**2020**
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.

a. Material joint venture of the Group

Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of Battersea, adjusted for differences in accounting policies between the Group and the joint venture.

i. The summarised consolidated statements of comprehensive income of Battersea are as follows:

	2021	**2020**
Revenue	**1,802,670**	1,192,388
Write-down of inventories	**-**	(842,754)
Depreciation and amortisation	**(9,662)**	(28,120)
Finance income	**820**	-
Finance cost	**(4,866)**	(9,831)
Loss before taxation	**(71,559)**	(988,836)
Taxation	**(3,594)**	267
Loss for the financial year	**(75,153)**	(988,569)
Share of results	**(30,061)**	(395,428)

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12 JOINT VENTURES (CONTINUED)

a. Material joint venture of the Group (continued)

Summarised financial information (continued)

i. The summarised consolidated statements of comprehensive income of Battersea are as follows: (continued)

In the previous financial year, the Group's share of Battersea's write-down in the work-in-progress and inventories amounted to £62.4 million (RM337.1 million). The write-down reflects the impact of prolongation costs associated with the COVID-19 pandemic, notably the implementation of social distancing measures and the impact of the UK lockdown which had an impact on the delivery of Battersea project. There were no write-down in the work-in-progress and inventories for Battersea during the financial year.

ii. The summarised consolidated statements of financial position of Battersea are as follows:

	2021	2020
Non-current assets	**322,314**	367,647
Current assets		
Inventories	**14,217,071**	11,709,932
Cash and cash equivalents	**921,628**	554,794
Other current assets	**403,620**	383,970
	15,542,319	12,648,696
Non-current liabilities		
Financial liabilities (excluding payables)	**544,109**	4,528,622
Other non-current liabilities	**61,951**	83,617
	606,060	4,612,239
Current liabilities		
Financial liabilities (excluding payables)	**6,113,716**	897,210
Other current liabilities	**1,506,609**	1,577,098
	7,620,325	2,474,308
Net assets	**7,638,248**	5,929,796

Amounts in RM thousand unless otherwise stated

12 JOINT VENTURES (CONTINUED)

a. Material joint venture of the Group (continued)

Summarised financial information (continued)

ii. The summarised consolidated statements of financial position of Battersea are as follows: (continued)

	2021	2020
Net assets		
At 1 January	**5,929,796**	6,719,497
Total comprehensive loss for the financial year	**(75,153)**	(988,569)
Additional investment during the financial year	**1,647,322**	83,538
Exchange differences	**136,283**	115,330
At 31 December	**7,638,248**	5,929,796
Group's interest in the joint venture	**40%**	40%
Carrying amount at the end of the financial year	**3,055,299**	2,371,918

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 36(c)(ii).

NOTES TO THE FINANCIAL STATEMENTS
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13 ASSOCIATES

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 42.

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 2021.

The Group's and the Company's investments in associates are as follows:

	Group	
	2021	**2020**
Share of results	**776**	(1,300)
Share of other comprehensive (loss)/income	**(2,658)**	1,074
Share of total comprehensive loss for the financial year	**(1,882)**	(226)

	Group		Company	
	2021	**2020**	**2021**	**2020**
Unquoted shares, at costs	**36,203**	36,203	**36,000**	36,000
Share of post-acquisition reserves	**90,666**	92,548	**-**	-
Shareholder's advance	**12,969**	12,194	**12,969**	12,194
Accumulated impairment losses	**(1,803)**	(1,803)	**(1,746)**	(1,746)
Carrying amount at the end of the financial year	**138,035**	139,142	**47,223**	46,448

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.21% (2020: 7.21%) 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.

Amounts in RM thousand unless otherwise stated

14 FINANCE INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
Finance income arising from:				
- accretion of interest on contract assets [Note 27(a)]	**93,126**	99,435	**-**	-
- banks and other financial institutions	**8,092**	8,535	**2,405**	3,351
- subsidiaries	**-**	-	**56,317**	36,692
- a joint venture	**788**	1,154	**-**	-
- an associate	**767**	820	**767**	820
	102,773	109,944	**59,489**	40,863

15 FINANCE COSTS

	Group		Company	
	2021	**2020 Restated**	**2021**	**2020**
Finance costs charged by:				
- banks and other financial institutions	**20,963**	29,953	**798**	-
- non-controlling interest	**5,488**	5,732	**-**	-
- lease liabilities [Note 34]	**3,285**	3,971	**613**	240
Accretion of interest on:				
- payables	**4,289**	4,677	**-**	-
- provisions [Note 35]	**3,872**	4,966	**-**	-
	37,897	49,299	**1,411**	240
Islamic financing distribution payment:				
- Syndicated Islamic term financing	**46,636**	52,036	**-**	-
- Islamic Medium Term Notes	**27,378**	2,101	**27,378**	2,101
- Term loans and revolving credits	**30,593**	49,646	**14,439**	16,955
	104,607	103,783	**41,817**	19,056
Total finance costs	**142,504**	153,082	**43,228**	19,296
Interest capitalised in inventories [Note 21]	**(47,507)**	(48,738)	**-**	-
Net finance costs	**94,997**	104,344	**43,228**	19,296

The Group's weighted average capitalisation rate in determining interest eligible for capitalisation is 3.4% (2020: 4.0%) per annum.

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16 TAXATION

	Group		Company	
	2021	2020 Restated	2021	2020
Income tax:				
In respect of current financial year				
- Malaysian income tax	**95,142**	88,528	**11,574**	12,340
- foreign income tax	**1**	5	**-**	-
In respect of prior financial years				
- Malaysian income tax	**15,661**	(13,584)	**(3,784)**	(527)
- foreign income tax	**-**	35	**-**	-
Total income tax	**110,804**	74,984	**7,790**	11,813
Deferred tax: [Note 25]				
- origination and reversal of temporary differences	**7,892**	(16,756)	**(2,459)**	(8,138)
- (over)/under provision in prior financial years	**(1,431)**	2,515	**6,291**	1,107
Total deferred tax expense/(credit)	**6,461**	(14,241)	**3,832**	(7,031)
Total taxation	**117,265**	60,743	**11,622**	4,782

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2021	2020 Restated	2021	2020
Profit/(Loss) before taxation	**268,253**	(474,804)	**221,878**	(33,027)
Less:				
Share of results of:				
- joint ventures [Note12]	**29,578**	419,602	**-**	-
- associates [Note 13]	**(776)**	1,300	**-**	-
	297,055	(53,902)	**221,878**	(33,027)

Amounts in RM thousand unless otherwise stated

16 TAXATION (CONTINUED)

Tax reconciliation (continued)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

	Group		Company	
	2021	**2020 Restated**	**2021**	**2020**
Tax at the domestic rates applicable to profits in the country concerned	**76,850**	(9,005)	**53,251**	(7,926)
Effect of tax incentives and income not subject to tax:				
- single tier and tax exempt dividends	**-**	-	**(51,229)**	(9,456)
- others	**(249)**	(770)	**(1,431)**	(477)
Effect of expenses not deductible for tax purposes:				
- (reversal of impairment)/impairment losses on amounts due from subsidiaries	**-**	-	**(488)**	15,709
- impairment losses on investment in subsidiaries, joint ventures and associates	**-**	-	**1,951**	2,919
- provisions	**-**	8,632	**-**	-
- depreciation and amortisation	**10,183**	9,507	**763**	875
- others	**5,452**	13,099	**6,298**	2,558
Movement in unrecognised deferred tax assets	**10,799**	50,314	**-**	-
Under/(Over) provision in prior years	**14,230**	(11,034)	**2,507**	580
Taxation for the financial year	**117,265**	60,743	**11,622**	4,782
Applicable tax rate (%)	**17.0 – 24.0**	17.0 – 30.0	**24.0**	24.0
Effective tax rate (%)	**39.5**	(112.7)	**5.2**	(14.5)

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

NOTES TO THE FINANCIAL STATEMENTS
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17 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share attributable to owners of the Company are computed as follows:

	Group	
	2021	2020 Restated
Profit/(Loss) for the financial year attributable to the owners of the Company	136,904	(501,566)
Number of ordinary shares in issue (thousand)	6,800,839	6,800,839
Basic earnings/(loss) per share (sen)	2.0	(7.4)

The basic and diluted earnings/(loss) 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	
	2021	2020
In respect of the financial year ended 31 December 2021, an interim single tier dividend of 1.0 sen per ordinary share which was paid on 16 November 2021.	68,008	-
In respect of the financial year ended 31 December 2020, a first interim single tier dividend of 1.0 sen per ordinary share which was paid on 22 December 2020.	-	68,008
In respect of the financial year ended 31 December 2019, a second interim single tier dividend of 2.0 sen per ordinary share which was paid on 20 April 2020.	-	136,017
	68,008	204,025

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2021.

Reports and Financial Statements

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19 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings and golf course	Plant and machinery	Vehicles, equipment and fixtures	Work in progress	Total
2021							
At 1 January 2021	**58,619**	**52,813**	**460,421**	**1,725**	**49,952**	**2,648**	**626,178**
Additions	**-**	**325**	**938**	**57**	**3,631**	**540**	**5,491**
Impairment losses	**-**	**-**	**-**	**-**	**(415)**	**-**	**(415)**
Write-off	**-**	**-**	**-**	**-**	**(98)**	**-**	**(98)**
Transfer from/(to):							
- inventories [Note 21]	**-**	**-**	**-**	**-**	**4,581**	**13,369**	**17,950**
- investment properties [Note 20]	**-**	**-**	**(831)**	**-**	**-**	**-**	**(831)**
Reclassification	**-**	**-**	**-**	**-**	**1,716**	**(1,716)**	**-**
Depreciation [Notes 7 & 9]	**-**	**(1,020)**	**(19,730)**	**(418)**	**(12,321)**	**-**	**(33,489)**
Exchange differences	**-**	**-**	**196**	**2**	**263**	**-**	**461**
At 31 December 2021	**58,619**	**52,118**	**440,994**	**1,366**	**47,309**	**14,841**	**615,247**
Cost	**58,619**	**57,051**	**710,027**	**42,181**	**207,369**	**14,841**	**1,090,088**
Accumulated depreciation	**-**	**(4,933)**	**(259,864)**	**(40,765)**	**(159,107)**	**-**	**(464,669)**
Accumulated impairment losses	**-**	**-**	**(9,169)**	**(50)**	**(953)**	**-**	**(10,172)**
Carrying amount at the end of the financial year	**58,619**	**52,118**	**440,994**	**1,366**	**47,309**	**14,841**	**615,247**
2020							
At 1 January 2020	58,619	53,828	472,641	2,878	40,798	7,520	636,284
Additions	-	-	3,714	578	12,889	6,849	24,030
Impairment losses	-	-	(5,431)	-	(534)	-	(5,965)
Disposals	-	-	-	-	(2)	-	(2)
Write-off	-	-	-	-	(57)	(180)	(237)
Transfer from inventories [Note 21]	-	-	-	-	6,852	-	6,852
Reclassification	-	-	9,441	-	2,100	(11,541)	-
Depreciation [Notes 7 & 9]	-	(1,015)	(19,859)	(1,732)	(12,108)	-	(34,714)
Exchange differences	-	-	(85)	1	14	-	(70)
At 31 December 2020	58,619	52,813	460,421	1,725	49,952	2,648	626,178
Cost	58,619	56,726	709,199	42,083	199,785	2,648	1,069,060
Accumulated depreciation	-	(3,913)	(239,649)	(40,308)	(149,299)	-	(433,169)
Accumulated impairment losses	-	-	(9,129)	(50)	(534)	-	(9,713)
Carrying amount at the end of the financial year	58,619	52,813	460,421	1,725	49,952	2,648	626,178

NOTES TO THE FINANCIAL STATEMENTS
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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings	Vehicles, equipment and fixtures	Work in progress	Total
2021				
At 1 January 2021	**22,874**	**4,338**	**-**	**27,212**
Additions	**-**	**2,606**	**-**	**2,606**
Depreciation [Notes 7 & 9]	**(7,625)**	**(1,593)**	**-**	**(9,218)**
At 31 December 2021	**15,249**	**5,351**	**-**	**20,600**
Cost	**22,874**	**43,286**	**-**	**66,160**
Accumulated depreciation	**(7,625)**	**(37,935)**	**-**	**(45,560)**
Carrying amount at the end of the financial year	**15,249**	**5,351**	**-**	**20,600**
2020				
At 1 January 2020	9,527	4,729	194	14,450
Additions	22,874	862	31	23,767
Disposals	-	(2)	-	(2)
Write-off	-	(57)	-	(57)
Reclassification	-	225	(225)	-
Depreciation [Notes 7 & 9]	(9,527)	(1,419)	-	(10,946)
At 31 December 2020	22,874	4,338	-	27,212
Cost	22,874	40,680	-	63,554
Accumulated depreciation	-	(36,342)	-	(36,342)
Carrying amount at the end of the financial year	22,874	4,338	-	27,212

The Group has recognised impairment of property, plant and equipment of RM0.4 million (2020: RM6.0 million) during the financial year due to the shortfall of the recoverable amount as compared to the carrying amount of the assets. The recoverable amount of these assets is determined based on the value-in-use method.

Amounts in RM thousand unless otherwise stated

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	Vehicles	Total
2021				
At 1 January 2021	**52,813**	**290,323**	**5,569**	**348,705**
Additions	**325**	**231**	**297**	**853**
Transfer to investment properties [Note 20(a)]	**-**	**(831)**	**-**	**(831)**
Depreciation	**(1,020)**	**(9,286)**	**(1,584)**	**(11,890)**
Exchange differences	**-**	**204**	**-**	**204**
At 31 December 2021	**52,118**	**280,641**	**4,282**	**337,041**
Cost	**57,051**	**437,005**	**7,319**	**501,375**
Accumulated depreciation	**(4,933)**	**(149,582)**	**(3,037)**	**(157,552)**
Accumulated impairment losses	**-**	**(6,782)**	**-**	**(6,782)**
Carrying amount at the end of the financial year	**52,118**	**280,641**	**4,282**	**337,041**
2020				
At 1 January 2020	53,828	300,811	-	354,639
Additions	-	2,937	7,022	9,959
Impairment losses	-	(3,044)	-	(3,044)
Depreciation	(1,015)	(10,298)	(1,453)	(12,766)
Exchange differences	-	(83)	-	(83)
At 31 December 2020	52,813	290,323	5,569	348,705
Cost	56,726	436,885	7,022	500,633
Accumulated depreciation	(3,913)	(139,819)	(1,453)	(145,185)
Accumulated impairment losses	-	(6,743)	-	(6,743)
Carrying amount at the end of the financial year	52,813	290,323	5,569	348,705

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets (continued)

Right-of-use assets included in property, plant and equipment are as follows (continued):

Company	Buildings	Vehicles	Total
2021			
At 1 January 2021	**22,874**	**243**	**23,117**
Depreciation	**(7,625)**	**(77)**	**(7,702)**
At 31 December 2021	**15,249**	**166**	**15,415**
Cost	**22,874**	**297**	**23,171**
Accumulated depreciation	**(7,625)**	**(131)**	**(7,756)**
Carrying amount at the end of the financial year	**15,249**	**166**	**15,415**
2020			
At 1 January 2020	9,527	-	9,527
Additions	22,874	297	23,171
Depreciation	(9,527)	(54)	(9,581)
At 31 December 2020	22,874	243	23,117
Cost	22,874	297	23,171
Accumulated depreciation	-	(54)	(54)
Carrying amount at the end of the financial year	22,874	243	23,117

The Company's right-of-use building is leased from a subsidiary company.

b. Assets pledged as security

As at 31 December 2021, property, plant and equipment of certain subsidiaries with a total carrying amount of RM69.0 million (2020: RM70.9 million) were pledged as security for borrowings of the Group (see Note 33).

c. Additions of property, plant and equipment

	Group		Company	
	2021	**2020**	**2021**	**2020**
Additions	**5,491**	24,030	**2,606**	23,767
Financed by lease liabilities	**-**	(7,022)	**-**	(23,134)
Total cash outflow	**5,491**	17,008	**2,606**	633

Amounts in RM thousand unless otherwise stated

20 INVESTMENT PROPERTIES

Group	Freehold land	Leasehold land	Buildings and buildings improvements	Work in progress	Total
2021					
At 1 January 2021	**84,169**	**7,818**	**611,835**	**5,208**	**709,030**
Additions	**-**	**-**	**775**	**8,255**	**9,030**
Transfer from property, plant and equipment [Note 19]	**-**	**-**	**831**	**-**	**831**
Transfer from inventories [Note 21]	**-**	**-**	**-**	**83,732**	**83,732**
Reclassification	**-**	**-**	**8,079**	**(8,079)**	**-**
Depreciation [Notes 7 & 9]	**-**	**(608)**	**(28,642)**	**-**	**(29,250)**
Disposal	**(8)**	**-**	**(64)**	**-**	**(72)**
Exchange differences	**-**	**-**	**701**	**-**	**701**
At 31 December 2021	**84,161**	**7,210**	**593,515**	**89,116**	**774,002**
Cost	**84,161**	**12,838**	**774,441**	**89,116**	**960,556**
Accumulated depreciation	**-**	**(2,263)**	**(115,911)**	**-**	**(118,174)**
Accumulated impairment losses	**-**	**(3,365)**	**(65,015)**	**-**	**(68,380)**
Carrying amount at the end of the financial year	**84,161**	**7,210**	**593,515**	**89,116**	**774,002**
2020					
At 1 January 2020	43,665	8,262	291,938	401,920	745,785
Additions	-	-	1,914	12,292	14,206
Impairment losses	-	-	(22,034)	-	(22,034)
Transfer to inventories [Note 21]	-	(242)	-	-	(242)
Reclassified from provisions [Note 35]	-	-	(2,886)	-	(2,886)
Reclassification	40,504	-	368,500	(409,004)	-
Depreciation [Notes 7 & 9]	-	(202)	(25,529)	-	(25,731)
Exchange differences	-	-	(68)	-	(68)
At 31 December 2020	84,169	7,818	611,835	5,208	709,030
Cost	84,169	12,838	763,470	5,208	865,685
Accumulated depreciation	-	(1,655)	(86,947)	-	(88,602)
Accumulated impairment losses	-	(3,365)	(64,688)	-	(68,053)
Carrying amount at the end of the financial year	84,169	7,818	611,835	5,208	709,030

In the previous financial year, the Group recognised impairment of investment properties of RM22.0 million. The recoverable amount of these assets are determined based on valuation performed by independent professional valuers using the investment method of valuation.

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20 INVESTMENT PROPERTIES (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in investment properties are as follows:

Group	Leasehold land	Buildings and buildings improvements	Work in progress	Total
2021				
At 1 January 2021	**7,818**	**70,619**	**-**	**78,437**
Additions	**-**	**-**	**69**	**69**
Transfer from property, plant and equipment [Note 19]	**-**	**831**	**-**	**831**
Transfer from inventories	**-**	**-**	**851**	**851**
Depreciation	**(608)**	**(12,363)**	**-**	**(12,971)**
Exchange differences	**-**	**701**	**-**	**701**
At 31 December 2021	**7,210**	**59,788**	**920**	**67,918**
Cost	**12,838**	**120,693**	**920**	**134,451**
Accumulated depreciation	**(2,263)**	**(35,458)**	**-**	**(37,721)**
Accumulated impairment losses	**(3,365)**	**(25,447)**	**-**	**(28,812)**
Carrying amount at the end of the financial year	**7,210**	**59,788**	**920**	**67,918**
2020				
At 1 January 2020	8,262	83,377	-	91,639
Additions	-	1,914	-	1,914
Transfer to inventories [Note 21]	(242)	-	-	(242)
Reclassified from provisions [Note 35]	-	(2,886)	-	(2,886)
Depreciation	(202)	(11,718)	-	(11,920)
Exchange differences	-	(68)	-	(68)
At 31 December 2020	7,818	70,619	-	78,437
Cost	12,838	118,477	-	131,315
Accumulated depreciation	(1,655)	(22,738)	-	(24,393)
Accumulated impairment losses	(3,365)	(25,120)	-	(28,485)
Carrying amount at the end of the financial year	7,818	70,619	-	78,437

Amounts in RM thousand unless otherwise stated

20 INVESTMENT PROPERTIES (CONTINUED)

b. Fair Value

The fair value of the Group's investment properties are as follows:

	Group	
	2021	**2020**
Owned assets	**977,263**	791,023
Right-of-use assets	**186,969**	187,797
	1,164,232	978,820

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 either to valuation by independent professional valuers or the open market value of properties in the vicinity under the income approach or market approach.

Properties valued using the income approach 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 market approach are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

Investment property under work in progress is valued at cost on the basis that the fair value of the work in progress building is unable to be reliably measured.

c. Assets pledged as security

As at 31 December 2021, investment properties of certain subsidiaries with a total carrying amount of RM173.5 million (2020: RM177.7 million) were pledged as security for borrowings of the Group (see Note 33).

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20 INVESTMENT PROPERTIES (CONTINUED)

d. Operating leases

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Group	
	2021	**2020**
Rental income	**57,146**	38,508
Direct operating expenses, before depreciation and amortisation	**(32,529)**	(31,997)

The future minimum lease payments receivable under operating leases contracted for as at the end of reporting peiod but not recognised as receivable are as follows:

	Group	
	2021	**2020**
Lease payments due		
- not later than 1 year	**51,976**	40,731
- later than 1 year and not later than 2 years	**43,241**	41,889
- later than 2 years and not later than 3 years	**6,045**	34,399
- later than 3 years and not later than 4 years	**5,684**	5,399
- later than 4 years and not later than 5 years	**5,684**	5,589
- later than 5 years	**101,190**	79,534
	213,820	207,541

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 27 years (2020: ranging from 1 to 28 years).

Amounts in RM thousand unless otherwise stated

21 INVENTORIES

	Group			Company	
	31.12.2021	**31.12.2020 Restated**	**01.01.2020 Restated**	**31.12.2021**	**31.12.2020**
Non-current					
Land held for property development [note (a)]	**3,869,520**	4,474,282	4,542,929	**1,057,817**	1,052,552
Current					
Cost:					
- completed development units	**90,848**	131,902	121,722	**6,001**	7,241
- finished goods, raw materials and consumables	**776**	1,467	1,722	**-**	-
Net realisable value:					
- completed development units	**238,724**	441,738	404,586	**-**	4,503
	330,348	575,107	528,030	**6,001**	11,744
Property development costs [note (b)]	**1,592,449**	1,184,936	1,375,109	**98,110**	121,967
	1,922,797	1,760,043	1,903,139	**104,111**	133,711
Total inventories	**5,792,317**	6,234,325	6,446,068	**1,161,928**	1,186,263

During the financial year, the Group and the Company recognised inventories cost of RM1,472.5 million (2020 (restated): RM1,550.2 million) and RM105.2 million (2020: RM83.2 million), respectively, as cost of sales.

As at 31 December 2021, certain inventories of the Group and the Company with a total carrying amount of RM733.6 million (2020: RM761.4 million) and RM52.9 million (2020: RM47.6 million) were pledged as security for borrowings of the Group and the Company respectively (see Note 33).

The cost of sales included write-down of inventories to net realisable value by the Group and the Company of RM1.9 million (2020 (restated): RM125.3 million) and RM Nil (2020: RM7.1 million), respectively.

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21 INVENTORIES (CONTINUED)

a. Land held for property development

	Group		Company	
	2021	**2020**	**2021**	**2020**
At 1 January	**4,474,282**	4,542,929	**1,052,552**	1,094,867
Additions	**363,798**	458,800	**62,302**	65,892
Write-down	**-**	(5,541)	**-**	(7,111)
Write-off	**(384)**	(68,236)	**(162)**	-
Transfer (to)/from:				
- property, plant and equipment [Note 19]	**(4,581)**	(6,852)	**-**	-
- investment properties [Note 20]	**-**	242	**-**	-
- property development costs [note (b)]	**(963,595)**	(447,060)	**(56,875)**	(101,096)
At 31 December	**3,869,520**	4,474,282	**1,057,817**	1,052,552

Land held for property development is analysed as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
Freehold land, at cost	**1,374,851**	1,442,022	**907,583**	915,244
Leasehold land, at cost	**470,761**	514,126	**-**	-
Development costs	**2,023,908**	2,518,134	**150,234**	137,308
	3,869,520	4,474,282	**1,057,817**	1,052,552

Amounts in RM thousand unless otherwise stated

21 INVENTORIES (CONTINUED)

b. Property development costs

	Group		Company	
	2021	2020 Restated	2021	2020
At 1 January	**1,299,081**	1,455,335	**121,967**	75,598
Effects from Agenda Decision [Note 43]	**(114,145)**	(80,226)	**-**	-
At 1 January (restated)	**1,184,936**	1,375,109	**121,967**	75,598
Development costs incurred during the financial year	**770,870**	881,817	**18,609**	12,623
Costs recognised during the financial year [Note 7]	**(1,169,053)**	(1,125,978)	**(99,341)**	(22,684)
Transfer (to)/from:				
- property, plant and equipment [Note 19]	**(13,369)**	-	**-**	-
- land held for property development [note (a)]	**963,595**	447,060	**56,875**	101,096
- investment properties [Note 20]	**(83,732)**	-	**-**	-
- completed development units	**(57,623)**	(298,422)	**-**	(41,645)
Write-down	**(1,016)**	(85,239)	**-**	-
Write-off	**(2,159)**	(4,875)	**-**	(3,021)
Exchange differences	**-**	(4,536)	**-**	-
At 31 December	**1,592,449**	1,184,936	**98,110**	121,967

Property development costs is analysed as follows:

	Group			Company	
	31.12.2021	31.12.2020 Restated	01.01.2020 Restated	31.12.2021	31.12.2020
Freehold land, at cost	**257,355**	232,957	254,436	**25,006**	21,304
Leasehold land, at cost	**101,416**	51,997	51,339	**-**	-
Development costs	**1,233,678**	899,982	1,069,334	**73,104**	100,663
	1,592,449	1,184,936	1,375,109	**98,110**	121,967

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 RM47.5 million (2020 (restated): RM48.7 million) (see Note 15).

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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 42.

	Company	
	2021	**2020**
Unquoted shares:		
At cost	**9,228,310**	7,952,498
Accumulated impairment losses	**(1,340,757)**	(1,207,935)
	7,887,553	6,744,563
Contribution to a subsidiary	**23,485**	23,485
Carrying amount at the end of the financial year	**7,911,038**	6,768,048

During the financial year ended 31 December 2021, the Company increased its investment in subsidiaries by RM1,321.0 million (2020: RM33.7 million) via capital injections of RM781.7 million (2020: RM33.7 million) and capitalisation of amounts due from subsidiaries of RM539.3 million (2020: RM Nil).

Movements in accumulated impairment losses are as follows:

	Company	
	2021	**2020**
At 1 January	**1,207,935**	1,195,772
Impairment losses	**8,128**	12,163
Reclassified from accumulated impairment losses on amounts due from subsidiaries following the increase in investment in those subsidiaries through debt capitalisation [Note 26(c)]	**169,571**	-
Liquidation of subsidiaries	**(44,877)**	-
At 31 December	**1,340,757**	1,207,935

The contribution to a subsidiary has no fixed term of repayment and any repayment is at the discretion of the subsidiary upon notification by the subsidiary to the Company.

Amounts in RM thousand unless otherwise stated

23 INVESTMENTS

Group/Company	Quoted shares	Unquoted shares	Total
2021			
At 1 January 2021	**2,083**	**54,193**	**56,276**
Net changes in fair value recognised in other comprehensive income	**-**	**(775)**	**(775)**
Impairment losses	**(2,083)**	**-**	**(2,083)**
At 31 December 2021	**-**	**53,418**	**53,418**
2020			
At 1 January 2020	2,297	56,491	58,788
Net changes in fair value:			
- recognised in other comprehensive income	-	(2,298)	(2,298)
- recognised in profit or loss	(214)	-	(214)
At 31 December 2020	2,083	54,193	56,276

24 INTANGIBLE ASSETS

	Group		Company	
	2021	**2020**	**2021**	**2020**
At 1 January	**5,721**	4,143	**4,628**	3,865
Additions	**3,492**	3,230	**2,682**	2,264
Amortisation [Notes 7 & 9]	**(1,955)**	(1,652)	**(1,586)**	(1,501)
At 31 December	**7,258**	5,721	**5,724**	4,628
Cost	**33,691**	30,199	**29,814**	27,132
Accumulated amortisation	**(26,433)**	(24,478)	**(24,090)**	(22,504)
Carrying amount at the end of the financial year	**7,258**	5,721	**5,724**	4,628

The intangible assets for the Group and the Company comprise mainly computer software.

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25 DEFERRED TAX

	Group			Company	
	31.12.2021	31.12.2020 Restated	01.01.2020 Restated	31.12.2021	31.12.2020
Deferred tax assets	**623,212**	617,535	594,446	**25,876**	29,708
Deferred tax liabilities	**(184,700)**	(172,562)	(163,713)	**-**	-
	438,512	444,973	430,733	**25,876**	29,708

The Group has recognised deferred tax assets amounting to RM44.9 million (2020: RM70.8 million) arising from the unutilised tax losses of subsidiaries which are loss-making during the financial year, based on future taxable profits expected to be generated by these subsidiaries. The future taxable profits are estimated based on the expected future profits arising from these subsidiaries' property development projects and other income.

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	
	2021	2020 Restated	2021	2020
Unutilised tax losses	**743,079**	651,860	**-**	-
Deductible temporary differences	**523,294**	569,517	**-**	-
	1,266,373	1,221,377	**-**	-
Deferred tax assets not recognised	**303,929**	293,130	**-**	-

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the existing time limit to carry forward unutilised tax losses has been extended to 10 consecutive years (2020: 7 consecutive years) of assessment. Accordingly, any accumulated unutilised tax losses brought forward from year of assessment 2018 onwards can be carried forward for 10 consecutive years of assessment.

Unutilised tax losses:

	Group		Company	
	2021	2020 Restated	2021	2020
- expiring in/before 2027	**-**	651,860	**-**	-
- expiring in 2028	**366,480**	-	**-**	-
- expiring in 2029	**214,886**	-	**-**	-
- expiring in 2030	**89,498**	-	**-**	-
- expiring in 2031	**72,215**	-	**-**	-
	743,079	651,860	**-**	-

Amounts in RM thousand unless otherwise stated

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
2021								
At 1 January 2021	**6,029**	**-**	**382,519**	**(201,811)**	**114,539**	**96,915**	**21,482**	**419,673**
Effects from Agenda Decision [Note 43]	**-**	**-**	**25,300**	**-**	**-**	**-**	**-**	**25,300**
At 1 January 2021 (restated)	**6,029**	**-**	**407,819**	**(201,811)**	**114,539**	**96,915**	**21,482**	**444,973**
Recognised in profit or loss: [Note 16]								
- temporary differences	**(412)**	**(12,016)**	**(10,512)**	**(3,158)**	**5,213**	**6,196**	**6,797**	**(7,892)**
- (under)/over provision in prior financial years	**(261)**	**-**	**8,097**	**(916)**	**5,362**	**(11,057)**	**206**	**1,431**
At 31 December 2021	**5,356**	**(12,016)**	**405,404**	**(205,885)**	**125,114**	**92,054**	**28,485**	**438,512**

Group	Property, plant and equipment	Inventories	Contract assets	Allowance and provision	Tax losses and unabsorbed capital allowances	Others	Total
2020							
Restated							
At 1 January 2020	5,930	384,612	(192,962)	98,468	99,250	20,365	415,663
Effects from Agenda Decision [Note 43]	-	15,070	-	-	-	-	15,070
At 1 January 2020 (restated)	5,930	399,682	(192,962)	98,468	99,250	20,365	430,733
Recognised in profit or loss: [Note 16]							
- temporary differences	292	8,023	(8,849)	17,180	(753)	863	16,756
- (under)/over provision in prior financial years	(193)	114	-	(1,109)	(1,581)	254	(2,515)
Exchange differences	-	-	-	-	(1)	-	(1)
At 31 December 2020	6,029	407,819	(201,811)	114,539	96,915	21,482	444,973

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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	Allowance and provision	Total
2021				
At 1 January 2021	**(331)**	**19,175**	**10,864**	**29,708**
Recognised in profit or loss: [Note 16]				
- temporary differences	**(390)**	**1,570**	**1,279**	**2,459**
- over/(under) provision in prior financial years	**154**	**(6,445)**	**-**	**(6,291)**
At 31 December 2021	**(567)**	**14,300**	**12,143**	**25,876**
2020				
At 1 January 2020	(303)	13,015	9,965	22,677
Recognised in profit or loss: [Note 16]				
- temporary differences	(28)	7,267	899	8,138
- under provision in prior financial years	-	(1,107)	-	(1,107)
At 31 December 2020	(331)	19,175	10,864	29,708

Amounts in RM thousand unless otherwise stated

26 RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
Non-current				
Trade receivables	**8,612**	-	**-**	-
Amounts due from:				
- joint ventures [note (a)]	**103,750**	118,000	**89,000**	89,000
- subsidiaries [note (b)]	**-**	-	**1,491,382**	1,974,847
	112,362	118,000	**1,580,382**	2,063,847
Accumulated impairment losses on: [note (c)]				
- amounts due from a joint venture	**(37,210)**	(37,210)	**(37,210)**	(37,210)
- amounts due from subsidiaries	**-**	-	**(53,084)**	(61,084)
	75,152	80,790	**1,490,088**	1,965,553
Current				
Trade receivables	**656,366**	586,959	**62,000**	51,447
Other receivables	**79,273**	82,600	**18,888**	20,447
Deposits	**98,430**	74,371	**7,355**	5,540
GST recoverable	**109**	747	**-**	-
Amounts due from:				
- joint ventures [note (a)]	**6,277**	6,658	**6,259**	6,515
- subsidiaries [note (b)]	**-**	-	**421,293**	273,267
	840,455	751,335	**515,795**	357,216
Accumulated impairment losses on: [note (c)]				
- trade receivables	**(64,698)**	(66,682)	**-**	-
- other receivables	**(57,938)**	(57,457)	**(17,242)**	(17,242)
- amounts due from joint ventures	**(4,536)**	(4,536)	**(4,536)**	(4,536)
- amounts due from subsidiaries	**-**	-	**(1,521)**	(165,127)
	(127,172)	(128,675)	**(23,299)**	(186,905)
	713,283	622,660	**492,496**	170,311
Total receivables	**788,435**	703,450	**1,982,584**	2,135,864

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.

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26 RECEIVABLES (CONTINUED)

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	
	2021	**2020**	**2021**	**2020**
Non-current				
Amounts due from joint ventures				
Interest bearing	**103,750**	118,000	**89,000**	89,000
Accumulated impairment losses				
At 1 January	**(37,210)**	(38,506)	**(37,210)**	(37,210)
Impairment losses [Note 11]	**-**	1,296	**-**	-
At 31 December	**(37,210)**	(37,210)	**(37,210)**	(37,210)
	66,540	80,790	**51,790**	51,790

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 5.0% to 8.0% (2020: 5.0% to 8.0%) 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 RM1,360.8 million (2020: RM1,844.3 million) which bears interest at 3.15% (2020: 3.60%) per annum.

Amounts in RM thousand unless otherwise stated

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
2021			
At 1 January 2021	**17,780**	**148,105**	**165,885**
Impairment losses on trade and other receivables	**1,804**	**1,102**	**2,906**
Reversal of impairment losses on trade and other receivables	**-**	**(4,409)**	**(4,409)**
Reclassification	**(13,214)**	**13,214**	**-**
At 31 December 2021	**6,370**	**158,012**	**164,382**
Gross carrying amount at the end of the financial year	**14,772**	**938,045**	**952,817**
Carrying value net of ECL at the end of the financial year	**8,402**	**780,033**	**788,435**
2020			
At 1 January 2020	12,132	144,605	156,737
Impairment losses on trade and other receivables	6,975	7,778	14,753
Reversal of impairment losses on:			
- trade and other receivables	(1,893)	(23)	(1,916)
- amounts due from a joint venture	-	(1,296)	(1,296)
Write-back/(write-off)	566	(2,959)	(2,393)
At 31 December 2020	17,780	148,105	165,885
Gross carrying amount at the end of the financial year	131,855	737,480	869,335
Carrying value net of ECL at the end of the financial year	114,075	589,375	703,450

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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
2021			
At 1 January 2021	**1,917**	**283,282**	**285,199**
Reversal of impairment losses on amounts due from subsidiaries	**-**	**(2,035)**	**(2,035)**
Reclassified to accumulated impairment losses on cost of investment in subsidiaries following the capitalisation of the amounts due from those subsidiaries [Note 22]	**-**	**(169,571)**	**(169,571)**
At 31 December 2021	**1,917**	**111,676**	**113,593**
Gross carrying amount at the end of the financial year	**7,355**	**2,088,822**	**2,096,177**
Carrying value net of ECL at the end of the financial year	**5,438**	**1,977,146**	**1,982,584**
2020			
At 1 January 2020	1,182	216,951	218,133
Impairment losses on:			
- trade and other receivables	735	876	1,611
- amounts due from subsidiaries	-	65,455	65,455
At 31 December 2020	1,917	283,282	285,199
Gross carrying amount at the end of the financial year	10,662	2,410,401	2,421,063
Carrying value net of ECL at the end of the financial year	8,745	2,127,119	2,135,864

Amounts in RM thousand unless otherwise stated

27 CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
Contract Assets				
Contract assets from customers on concession arrangement [note (a)]	**1,397,155**	1,467,322	**-**	-
Contract assets from property development [note (b)]	**948,854**	912,052	**38,583**	33,257
Carrying amount at the end of the financial year	**2,346,009**	2,379,374	**38,583**	33,257
Non-current				
Due later than 1 year	**1,248,336**	1,255,602	**-**	-
Current				
Due not later than 1 year	**1,097,673**	1,123,772	**38,583**	33,257
	2,346,009	2,379,374	**38,583**	33,257
Contract Liabilities				
Contract liabilities from property development [note (b)]	**224,447**	128,059	**92,774**	59,811
Advance annual license fees on golf club memberships	**250,067**	251,119	**-**	-
Carrying amount at the end of the financial year	**474,514**	379,178	**92,774**	59,811
Non-current				
Due later than 1 year	**243,757**	244,937	**-**	-
Current				
Due not later than 1 year	**230,757**	134,241	**92,774**	59,811
	474,514	379,178	**92,774**	59,811

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

a. Concession arrangement

	Group	
	2021	**2020**
Revenue recognised to date	**1,577,005**	1,576,588
Accretion of interest	**594,614**	501,488
Progress billings to date	**(774,464)**	(610,754)
Carrying amount at the end of the financial year	**1,397,155**	1,467,322
Non-current		
Construction contract	**1,221,479**	1,231,767
Supply of teaching equipment	**26,857**	23,835
	1,248,336	1,255,602
Current		
Construction contract	**140,579**	147,549
Supply of teaching equipment	**8,240**	64,171
	148,819	211,720
Total	**1,397,155**	1,467,322

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 entered on 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.

The Group maintains bank accounts that are required to be operated under the asset management programme, which forms part of the Concession Agreements. 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. These amounts are set-off against the amounts due to the GoM, UTHM, IIUM and UTM as the residual balances in these bank accounts at the expiry of the concession period accrues to them.

The contract asset is pledged as security for borrowings of the Group (see Note 33).

Amounts in RM thousand unless otherwise stated

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	
	2021	**2020**	**2021**	**2020**
Contract assets	**948,854**	912,052	**38,583**	33,257
Contract liabilities	**(224,447)**	(128,059)	**(92,774)**	(59,811)
	724,407	783,993	**(54,191)**	(26,554)
At 1 January	**783,993**	894,321	**(26,554)**	84,226
Revenue recognised during the financial year	**2,057,424**	1,909,532	**174,871**	123,933
Progress billings during the financial year	**(2,117,010)**	(2,019,860)	**(202,508)**	(234,713)
At 31 December	**724,407**	783,993	**(54,191)**	(26,554)

c. 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	
	2021	**2020**	**2021**	**2020**
Within 1 year	**1,484,861**	1,280,035	**139,238**	88,053
More than 1 year	**1,174,351**	554,546	**41,228**	17,151
	2,659,212	1,834,581	**180,466**	105,204

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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 0.5% to 1.7% (2020 : 0.5% to 1.8%) per annum.

29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2021	**2020**	**2021**	**2020**
Deposits placed	**392,096**	218,846	**25,000**	91,929
Cash at banks and in hand	**226,102**	237,505	**61,573**	100,016
Carrying amount at the end of the financial year	**618,198**	456,351	**86,573**	191,945
Effective interest rate per annum as at the end of the financial year:	**%**	%	**%**	%
Deposits with licensed banks	**1.75**	1.89	**1.92**	1.95

Bank balances, deposits and cash of certain subsidiaries with carrying amount of RM75.3 million (2020: RM67.1 million) were pledged as security for borrowings of the Group (see Note 33).

The bank balances, deposit and cash of the Group included bank balances with finance institutions amounting to RM31.2 million (2020: RM22.6 million) as part of the security obligations relating to certain borrowings. These deposits are subject to contractual restrictions set forth in the financing facility agreements.

Amounts in RM thousand unless otherwise stated

30 SHARE CAPITAL

	Group/Company			
	Number of shares (thousand)		Share capital	
	2021	**2020**	**2021**	**2020**
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

31 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 2021 are as follows:

	Proportion of equity held by non-controlling interests		Place of
Name of subsidiaries	**2021**	**2020**	**business**
Sime Darby Brunsfield Holding Sdn Bhd ("SDBH")	**40%**	40%	Malaysia
Sime Darby Property Selatan Sdn Bhd ("SDPS")	**40%**	40%	Malaysia

Total non-controlling interests of the Group area as follows:

	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
SDBH	**(72,173)**	(79,891)	(15,006)
SDPS	**243,061**	235,444	214,813
Others	**14,255**	23,976	19,355
	185,143	179,529	219,162

The other non-controlling interests are individually not significant.

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31 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information

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:

	SDBH		SDPS	
	2021	**2020 Restated**	**2021**	**2020**
Summarised statements of comprehensive income:				
Revenue	**173,164**	277,313	**36,869**	35,521
(Loss)/Profit for the financial year	**(532)**	(115,394)	**40,610**	61,372
Total comprehensive (loss)/income for the financial year	**(532)**	(110,538)	**40,610**	61,372
Attributable to non-controlling interests:				
- (loss)/profit for the financial year	**(213)**	(46,157)	**16,244**	24,549
- other comprehensive income	**-**	1,942	**-**	-
- total comprehensive (loss)/income	**(213)**	(44,215)	**16,244**	24,549
Dividends paid to owners of non-controlling interess	**-**	-	**(8,800)**	(4,400)
Summarised statements of cash flows:				
Net cash (used in)/from:				
Operating activities	**(20,578)**	(31,215)	**158,897**	158,756
Investing activities	**723**	1,524	**716**	478
Financing activities	**12,219**	27,749	**(150,116)**	(182,855)
Net (decrease)/increase in cash and cash equivalents	**(7,636)**	(1,942)	**9,497**	(23,621)
Cash and cash equivalents at the beginning of the financial year	**12,993**	14,935	**71,275**	94,896
Cash and cash equivalents at the end of the financial year	**5,357**	12,993	**80,772**	71,275

Amounts in RM thousand unless otherwise stated

31 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:

	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
SDBH			
Non-current assets	**337,048**	390,582	423,922
Current assets	**799,104**	755,399	711,279
Non-current liabilities	**(1,173,433)**	(1,171,058)	(1,097,543)
Current liabilities	**(168,770)**	(180,441)	(132,638)
Net liabilities	**(206,051)**	(205,518)	(94,980)

	31.12.2021	31.12.2020	01.01.2020
SDPS			
Non-current assets	**1,250,376**	1,297,303	1,320,399
Current assets	**266,925**	283,456	383,147
Non-current liabilities	**(786,045)**	(858,437)	(854,224)
Current liabilities	**(123,829)**	(133,504)	(312,289)
Net assets	**607,427**	588,818	537,033

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

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32 PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
Non-current				
Trade payables [note (a)]	**75,423**	79,184	**-**	-
Other payables	**7,408**	-	**6,667**	-
	82,831	79,184	**6,667**	-
Current				
Trade payables [note (a)]	**727,472**	948,145	**50,864**	60,624
Other payables	**200,028**	196,549	**13,746**	10,632
Accruals	**88,742**	103,400	**35,697**	34,116
Amounts due to subsidiaries [note (b)]	**-**	-	**74,486**	57,152
	1,016,242	1,248,094	**174,793**	162,524
Total payables	**1,099,073**	1,327,278	**181,460**	162,524

a. Trade payables

Credit terms of trade payables range from 30 days to 60 days (2020: 30 days to 60 days) except for the following amount owing to a contractor of Pagoh Education Hub, which is on a deferred payment term.

	Group	
	2021	**2020**
Work performed to date	**99,601**	99,601
Accretion of interest	**21,338**	17,049
Progress billing to date	**(37,466)**	(29,412)
	83,473	87,238
Non-current		
Due later than 1 year	**75,423**	79,184
Current		
Due not later than 1 year	**8,050**	8,054
	83,473	87,238

Amounts in RM thousand unless otherwise stated

32 PAYABLES (CONTINUED)

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	
	2021	**2020**
At 1 January	**57,152**	142,008
Net advances from/(repayment to) subsidiaries	**17,334**	(84,856)
At 31 December	**74,486**	57,152

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33 BORROWINGS

	Group		Company	
	2021	**2020**	**2021**	**2020**
Non-current				
Secured				
Term loans [note (a)]	**476,668**	515,490	**-**	-
Islamic financing [note (b)]	**719,058**	891,155	**364,546**	431,061
Syndicated Islamic term financing [note (c)]	**532,763**	613,349	**-**	-
Unsecured				
Islamic Medium Term Notes [note (d)]	**799,095**	798,935	**799,095**	798,935
Amounts due to non-controlling interests [note (f)]	**228,779**	214,998	**-**	-
	2,756,363	3,033,927	**1,163,641**	1,229,996
Current				
Secured				
Term loans [note (a)]	**44,679**	36,324	**-**	-
Islamic financing [note (b)]	**211,836**	169,298	**66,787**	67,375
Syndicated Islamic term financing [note (c)]	**84,468**	84,833	**-**	-
Unsecured				
Islamic Medium Term Notes [note (d)]	**2,087**	2,087	**2,087**	2,087
Revolving credits [note (e)]	**732,167**	-	**704,167**	-
	1,075,237	292,542	**773,041**	69,462
Total borrowings	**3,831,600**	3,326,469	**1,936,682**	1,299,458
Secured	**2,069,472**	2,310,449	**431,333**	498,436
Unsecured	**1,762,128**	1,016,020	**1,505,349**	801,022
Total borrowings	**3,831,600**	3,326,469	**1,936,682**	1,299,458

Amounts in RM thousand unless otherwise stated

33 BORROWINGS (CONTINUED)

Movements in the borrowings are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
At 1 January	**3,326,469**	3,204,287	**1,299,458**	498,364
Long-term borrowings:				
- raised	**98,791**	872,704	**-**	800,000
- repaid	**(325,252)**	(188,299)	**(67,000)**	-
Incidental costs	**-**	(1,079)	**-**	(1,079)
Short-term borrowings (net)	**736,929**	(560,000)	**708,929**	-
Finance costs	**131,058**	139,468	**42,615**	19,056
Finance costs paid	**(130,563)**	(140,612)	**(41,488)**	(16,883)
Exchange differences	**(5,832)**	-	**(5,832)**	-
At 31 December	**3,831,600**	3,326,469	**1,936,682**	1,299,458

a. Term loans - secured

	Group	
	2021	**2020**
The maturity periods are as follows:		
- Less than 1 year	**44,679**	36,324
- Between 1 and 2 years	**198,040**	41,541
- Between 2 and 5 years	**99,182**	264,731
- More than 5 years	**179,446**	209,218
Total	**521,347**	551,814

The term loans of the Group are secured by way of charges over certain property, plant and equipment, investment properties and inventories.

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33 BORROWINGS (CONTINUED)

b. Islamic financing - Secured

	Group		Company	
	2021	**2020**	**2021**	**2020**
The maturity periods are as follows:				
- Less than 1 year	**211,836**	169,298	**66,787**	67,375
- Between 1 and 2 years	**160,179**	198,664	**66,515**	66,515
- Between 2 and 5 years	**558,879**	477,743	**298,031**	199,545
- More than 5 years	**-**	214,748	**-**	165,001
Total	**930,894**	1,060,453	**431,333**	498,436

The Islamic financing facilities of the Group and the Company are secured by way of:

i. legal charge over certain land 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 and proceeds from projects and insurance; and

iv. subordination of shareholders advances of certain subsidiaries.

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	
	2021	**2020**
The maturity periods are as follows:		
- Less than 1 year	**84,468**	84,833
- Between 1 and 2 years	**80,586**	80,586
- Between 2 and 5 years	**248,474**	243,997
- More than 5 years	**203,703**	288,766
Total	**617,231**	698,182

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33 BORROWINGS (CONTINUED)

c. Syndicated Islamic term financing - Secured (continued)

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 2021 is RM1,506.9 million (2020: RM1,573.4 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.

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, as well as rating of the IMTN programme.

Details of the IMTNs issued on 3 December 2020 and the outstanding balances as at 31 December 2021 are as follows:

Issuance Type	Tenor (Years)	Periodic distribution rate (per annum)	Norminal Value (RM thousand)
ASEAN Sustainability SRI Sukuk Musharakah	5	3.10%	150,000
Sukuk Musharakah	7	3.42%	500,000
Sukuk Musharakah	10	3.64%	150,000

The Sukuk Musharakah Programme has been assigned a final credit rating of $AA+_{IS}$ with a stable outlook by Malaysian Rating Corporation Berhad.

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33 BORROWINGS (CONTINUED)

e. Revolving credits

The Group and the Company have a total unsecured revolving credit facilities of RM1.78 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

Amounts due to non-controlling interests relate to unsecured shareholders' advances, in proportion to their respective shareholdings in the subsidiaries. The amount included in current is repayable on demand whilst the amount included in non-current is repayable at the discretion of the shareholder with 12 months notice or other terms of repayment as agreed by both the subsidiary and the shareholder.

g. Other information on borrowings

	Group		Company	
	2021 % per annum	**2020 % per annum**	**2021 % per annum**	**2020 % per annum**
i. Islamic financing				
The average effective distribution payments by currency profile are as follows:				
Ringgit Malaysia				
- Islamic financing	**3.02**	3.00	**2.86**	2.86
- Syndicated Islamic term financing	**7.00**	7.00	**-**	-
- Islamic Medium Term Notes	**3.40**	3.40	**3.40**	3.40
Sterling Pound				
- Revolving credits	**0.63**	-	**0.63**	-

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33 BORROWINGS (CONTINUED)

g. Other information on borrowings (continued)

	Group		Company	
	2021 % per annum	**2020 % per annum**	**2021 % per annum**	**2020 % per annum**
ii. Conventional financing				
The average effective interest rates by currency profile are as follows:				
Ringgit Malaysia				
- Term loans	**3.26**	3.26	**-**	-
- Revolving credits	**2.51**	-	**2.51**	-
- Amounts due to non-controlling interests	**3.60**	3.60	**-**	-
Sterling Pound				
- Revolving credits	**0.91**	-	**0.91**	-

iii. Secured financing

As at 31 December 2021, borrowings amounting to RM2,069.5 million (2020: RM2,310.4 million) and RM431.3 million (2020: RM498.4 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		Company	
	2021	**2020**	**2021**	**2020**
Property, plant and equipment [Note 19]	**69,000**	70,859	**-**	-
Investment properties [Note 20]	**173,492**	177,734	**-**	-
Inventories [Note 21]	**733,580**	761,447	**52,925**	47,621
Contract assets [Note 27]	**1,397,155**	1,467,322	**-**	-
Bank balances, deposits and cash [Note 29]	**75,281**	67,123	**-**	-
Other assets	**34,450**	38,915	**-**	-
	2,482,958	2,583,400	**52,925**	47,621

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34 LEASE LIABILITIES

	Group		Company	
	2021	2020	2021	2020
At 1 January	**82,937**	91,712	**23,105**	9,725
Additions	**-**	7,022	**-**	23,134
Finance costs [Note 15]	**3,285**	3,971	**613**	240
Payments	**(20,707)**	(19,824)	**(8,044)**	(9,828)
Rent concessions received	**-**	-	**-**	(166)
Exchange differences	**1,233**	56	**-**	-
At 31 December	**66,748**	82,937	**15,674**	23,105
Non-current				
Due later than 1 year	**45,936**	66,057	**8,012**	15,679
Current				
Due not later than 1 year	**20,812**	16,880	**7,662**	7,426
	66,748	82,937	**15,674**	23,105

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 40(b).

The lease liabilities of the Company 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	
	2021	2020	2021	2020
Short-term leases	**1,447**	2,548	**162**	278
Leases of the low-value assets	**310**	808	**169**	339
	1,757	3,356	**331**	617

Amounts in RM thousand unless otherwise stated

34 LEASE LIABILITIES (CONTINUED)

b. Total cash outflow

The total cash outflow for leases are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
Included in cashflow used in operating activities				
Lease payments associated with				
- short-term leases	**1,447**	2,548	**162**	278
- leases of low-value assets	**310**	808	**169**	339
Included in cashflow used in financing activities				
Finance cost	**3,285**	3,971	**613**	240
Principal portion of the lease liabilities	**17,422**	15,853	**7,431**	9,588
Total cash outflow	**22,464**	23,180	**8,375**	10,445

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35 PROVISIONS

Group	Obligation in relation to a property disposed	Relocation and construction costs	Total
2021			
At 1 January 2021	**152,360**	**95,509**	**247,869**
Additions	**-**	**1,788**	**1,788**
Accretion of interest [Note 15]	**3,872**	**-**	**3,872**
Utilised	**-**	**(8,803)**	**(8,803)**
Exchange differences	**1,973**	**14**	**1,987**
At 31 December 2021	**158,205**	**88,508**	**246,713**
Non-current	**125,092**	**11,520**	**136,612**
Current	**33,113**	**76,988**	**110,101**
	158,205	**88,508**	**246,713**
2020			
At 1 January 2020	99,332	76,569	175,901
Additions	50,776	22,959	73,735
Reclassified to investment properties [Note 20]	(2,886)	-	(2,886)
Accretion of interest [Note 15]	4,966	-	4,966
Utilised	-	(4,030)	(4,030)
Exchange differences	172	11	183
At 31 December 2020	152,360	95,509	247,869
Non-current	119,668	11,520	131,188
Current	32,692	83,989	116,681
	152,360	95,509	247,869

Company	Relocation and construction costs	Total
2021		
At 1 January 2021		**-**
Additions	**4,025**	**4,025**
At 31 December 2021	**4,025**	**4,025**
Current	**4,025**	**4,025**

Amounts in RM thousand unless otherwise stated

35 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 with the purchaser in financial year 2017.

In the previous financial year, part of the undertaking had been converted into a leaseback arrangement. As such, a provision amounting to RM2.9 million had been reclassified to investment properties as impairment losses of the right to use the underlying asset for the lease term.

b. Relocation and construction costs

The provision for relocation and construction costs are made following contractual obligations in relation to property development projects. Amounts in RM thousand unless otherwise stated

36 CONTINGENT LIABILITIES, MATERIAL LITIGATION AND COMMITMENTS

a. Contingent Liabilities

i. Claim against Sime Darby Property (Ara Damansara) Sdn Bhd ("SDPAD")

A civil suit was commenced by 72 purchasers (reduced to 71 purchasers pursuant to the Plaintiffs' amendment application which was allowed in parts on 15 November 2021 as stated below) 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 including, the Uniform Building By-Laws 1984 and the Street, Drainage and Building Act 1974.

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 dispute was referred to mediation and the parties explored possible settlement proposals. However, the parties were unable to reach a global settlement. The trial commenced on 16 April 2018. A site visit was held on 7 April 2021 together with the Judge and the Plaintiffs. 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. On 15 November 2021, the court allowed the Plaintiffs' amendments to their claim in part with costs to be paid by the Plaintiffs to SDPAD. Further trial dates have been fixed in April, May, July and August 2022.

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.

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36 CONTINGENT LIABILITIES, MATERIAL LITIGATION AND COMMITMENTS (CONTINUED)

a. Contingent Liabilities (continued)

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 ("Project") has referred disputes arising from the Project and the construction contract ("Contract") with SDPKE ("Respondent") to arbitration, pursuant to the Letter of Acceptance/Contract by issuing a notice of arbitration ("Notice") on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice ("Response") on 22 October 2018.

The parties have filed its Statement of Claim, Statement of Defence and Counterclaim and replies thereto. On 3 March 2021, the Claimant filed an amendment to its claim where it had, amongst others, amended its claim for specific damages from approximately RM41.9 million (pursuant to its Statement of Claim of 19 June 2020) to approximately RM42.0 million. In response, the Respondent made consequential amendments to its Statement of Defence and Counterclaim (which also consists of a claim for specific damages of approximately RM17.5million) and filed its revised Statement of Defence and Counterclaim on 12 March 2021.

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 for another 28 days on various dates between June 2020 to March 2021. Further hearing dates have been fixed in June, August and September 2022.

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.

Amounts in RM thousand unless otherwise stated

36 CONTINGENT LIABILITIES, MATERIAL LITIGATION AND COMMITMENTS (CONTINUED)

b. Material Litigation

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 ("LA's Award") by the Land Administrator ("Respondent") in respect of the acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway (collectively "Acquiring Authority") of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor ("Lands") for the construction of the West Coast Expressway project, which consists of the aggregate compensation for market value of the Lands ("MV") of RM90.7 million and the aggregate compensation for severance and injurious affection ("IA") of RM78.6 million.

The Acquiring Authority's and SDP Klang's respective objections to the LA's Award were later referred to the High Court of Malaya ("High Court"), and heard simultaneously, despite not being consolidated. On 22 March 2017, the High Court held, inter alia, that the MV is to be maintained at RM90.7 million, whilst the IA is to be reduced to RM72.9 million. Consequently, two separate High Court Orders were drawn up, each hereby referred to as "SDP Klang Order" and "Acquiring Authority Order". No appeal was filed in respect of the SDP Klang Order whilst the Acquiring Authority chose to appeal against the Acquiring Authority Order.

On 22 October 2018, the Court of Appeal upon hearing the Acquiring Authority's appeal, remitted the Acquiring Authority's Land Reference to the High Court to be re-heard before a new Judge ("Re-Hearing"). The hearing date for the Re-Hearing has been fixed from 8 to 10 June 2022.

On 21 September 2020, the Acquiring Authority filed an Originating Summons ("OS") to set aside the SDP Klang Order, which was allowed by the High Court on 21 September 2021 ("OS Decision"). On 18 October 2021, SDP Klang filed an appeal to the Court of Appeal against the OS Decision ("Appeal"). The hearing date of the Appeal has yet to be fixed.

At this juncture, the solicitors for SDP Klang 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 made by the earlier High Court Judge on 22 March 2017 (as reflected in the SDP Klang Order/Acquiring Authority Order), namely that the Award of compensation for IA to SDP Klang would be in the region of approximately RM72.9 million.

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36 CONTINGENT LIABILITIES, MATERIAL LITIGATION AND COMMITMENTS (CONTINUED)

c. Commitments

i. Capital commitments

	Group		Company	
	2021	**2020**	**2021**	**2020**
Contracted capital commitments:				
- property, plant and equipment	**1,418**	4,404	**-**	2,010
- investment properties	**8,203**	631	**-**	-
- intangible assets	**655**	456	**-**	-
	10,276	5,491	**-**	2,010

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	
	2021	**2020**
Joint ventures		
- Battersea Project Holding Company Limited (2021: £38.0 million; 2020: £150.0 million)	**213,989**	823,871
- Others	**73,884**	57,600
	287,873	881,471

Amounts in RM thousand unless otherwise stated

37 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. 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, commercial and industrial properties
Investment and asset management	Leasing of properties, and provision of assets and management services
Leisure	Provision of golf, hotel 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.

a. Segment results

2021	**Property development**	**Investment and asset management**	**Leisure**	**Elimination**	**Total**
Segment revenue:					
External	2,069,716	94,679	55,529	-	2,219,924
Inter-segment	91,698	7,994	4,511	(104,203)	-
	2,161,414	102,673	60,040	(104,203)	2,219,924
Cost of sales	(1,598,425)	(80,990)	(34,115)	57,329	(1,656,201)
Gross profit	562,989	21,683	25,925	(46,874)	563,723
Other operating income	11,217	986	549	-	12,752
Selling and marketing expenses	(85,333)	(2,959)	(693)	-	(88,985)
Administrative and other expenses	(150,275)	(14,984)	(39,252)	8,820	(195,691)
Operating profit/(loss)	338,598	4,726	(13,471)	(38,054)	291,799
Share of results of joint ventures and associates	(24,194)	(4,608)	-	-	(28,802)
Segment results	314,404	118	(13,471)	(38,054)	262,997
Other (losses)/gains	(3,040)	948	(428)	-	(2,520)
Profit/(Loss) before interest and taxation	311,364	1,066	(13,899)	(38,054)	260,477
Finance income	12,057	89,657	1,059	-	102,773
Finance costs	(30,101)	(63,702)	(1,194)	-	(94,997)
Profit/(Loss) before tax	293,320	27,021	(14,034)	(38,054)	268,253
Tax expense	(109,085)	(12,314)	329	3,805	(117,265)
Profit/(Loss) for the year	184,235	14,707	(13,705)	(34,249)	150,988

There is no single customer who contributed to 10% or more of the Group's total revenue.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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37 SEGMENT INFORMATION - GROUP (CONTINUED)

a. Segment results (continued)

2021	Property development	Investment and asset management	Leisure	Elimination	Total
Included in segment results are:					
Depreciation and amortisation	(16,141)	(31,458)	(17,095)	-	(64,694)
Impairment losses on receivables	(146)	(2,661)	(99)	-	(2,906)
Reversal of impairment losses on receivables	1,553	2,811	45	-	4,409
Write-down of inventories	(1,882)	-	-	-	(1,882)
Write-off of:					
- property, plant and equipment	(96)	(2)	-	-	(98)
- inventories	(2,543)	-	-	-	(2,543)
Included in other (losses)/gains are:					
Gain on disposal of investment properties	-	948	-	-	948
Impairment of:					
- property, plant and equipment	-	-	(415)	-	(415)
- quoted investments	(2,083)	-	-	-	(2,083)

Amounts in RM thousand unless otherwise stated

37 SEGMENT INFORMATION - GROUP (CONTINUED)

a. Segment results (continued)

2020 Restated	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	1,922,096	69,006	71,679	-	2,062,781
Inter-segment	355	9,781	1,507	(11,643)	-
	1,922,451	78,787	73,186	(11,643)	2,062,781
Cost of sales	(1,635,198)	(62,941)	(44,580)	674	(1,742,045)
Gross profit	287,253	15,846	28,606	(10,969)	320,736
Other operating income	12,742	1,695	1,464	(95)	15,806
Selling and marketing expenses	(68,505)	(4,872)	(683)	-	(74,060)
Administrative and other expenses	(163,021)	(25,223)	(56,782)	11,064	(233,962)
Operating profit/(loss)	68,469	(12,554)	(27,395)	-	28,520
Share of results of joint ventures and associates	(394,421)	(26,481)	-	-	(420,902)
Segment results	(325,952)	(39,035)	(27,395)	-	(392,382)
Other losses	(12,169)	(75,409)	(444)	-	(88,022)
Loss before interest and taxation	(338,121)	(114,444)	(27,839)	-	(480,404)
Finance income	14,834	94,075	1,035	-	109,944
Finance costs	(31,417)	(71,674)	(1,253)	-	(104,344)
Loss before tax	(354,704)	(92,043)	(28,057)	-	(474,804)
Tax expense	(44,589)	(19,651)	3,497	-	(60,743)
Loss for the year	(399,293)	(111,694)	(24,560)	-	(535,547)

NOTES TO THE FINANCIAL STATEMENTS
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37 SEGMENT INFORMATION - GROUP (CONTINUED)

a. Segment results (continued)

2020 Restated	Property development	Investment and asset management	Leisure	Elimination	Total
Included in segment results are:					
Depreciation and amortisation	(14,620)	(28,783)	(18,694)	-	(62,097)
Impairment losses on receivables	(13,012)	(1,446)	(295)	-	(14,753)
Reversal of impairment losses on receivables	1,887	-	29	-	1,916
Write-down of inventories	(125,284)	-	-	-	(125,284)
Write-off of:					
- property, plant and equipment	(236)	(1)	-	-	(237)
- inventories	(73,111)	-	-	-	(73,111)
Included in other losses are:					
Gain on disposal of properties, plant and equipment	5	-	10	-	15
(Impairment)/Reversal of impairment of:					
- property, plant and equipment	(2,386)	(3,579)	-	-	(5,965)
- investment properties	(965)	(21,069)	-	-	(22,034)
- amounts due from a joint venture	1,296	-	-	-	1,296
Surplus from liquidation of an associate	950	-	-	-	950
Provision on obligation for property disposed	-	(50,776)	-	-	(50,776)

Amounts in RM thousand unless otherwise stated

37 SEGMENT INFORMATION - GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets

	Property development	Investment and asset management	Leisure	Elimination	Total
31.12.2021					
Segment assets:					
Operating assets	**9,099,964**	**2,625,299**	**519,015**	**(942,460)**	**11,301,818**
Joint ventures and associates	**3,118,618**	**228,019**	**-**	**(46,614)**	**3,300,023**
	12,218,582	**2,853,318**	**519,015**	**(989,074)**	**14,601,841**
Segment liabilities:					
Liabilities	**1,285,381**	**1,145,334**	**332,045**	**(942,460)**	**1,820,300**
Additions to non-current assets are as follows:					
- capital expenditure	**6,455**	**10,671**	**887**	**-**	**18,013**
- additions to interests in joint ventures	**658,929**	**1,850**	**-**	**-**	**660,779**
	665,384	**12,521**	**887**	**-**	**678,792**
31.12.2020					
Restated					
Segment assets:					
Operating assets	9,080,516	2,408,814	550,092	(515,437)	11,523,985
Joint ventures and associates	2,428,595	233,262	-	(46,614)	2,615,243
	11,509,111	2,642,076	550,092	(562,051)	14,139,228
Segment liabilities:					
Liabilities	1,005,282	1,037,190	427,290	(515,437)	1,954,325
Additions to non-current assets are as follows:					
- capital expenditure	12,731	17,030	11,705	-	41,466
- additions to interests in joint ventures	33,415	12,450	-	-	45,865
	46,146	29,480	11,705	-	87,331

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37 SEGMENT INFORMATION - GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets (continued)

	Property development	Investment and asset management	Leisure	Elimination	Total
01.01.2020					
Restated					
Segment assets:					
Operating assets	9,246,448	2,570,431	590,648	(558,786)	11,848,741
Joint ventures and associates	2,741,437	244,730	-	(46,614)	2,939,553
	11,987,885	2,815,161	590,648	(605,400)	14,788,294
Segment liabilities:					
Liabilities	994,682	975,329	502,603	(558,786)	1,913,828
Additions to non-current assets are as follows:					
- capital expenditure	10,009	159,343	3,157	-	172,509
- additions to interests in joint ventures	170,462	16,750	-	-	187,212
	180,471	176,093	3,157	-	359,721

Amounts in RM thousand unless otherwise stated

37 SEGMENT INFORMATION - GROUP (CONTINUED)

Capital expenditure consists of the following:

	2021	2020
Property, plant and equipment	**5,491**	24,030
Investment properties	**9,030**	14,206
Intangible assets	**3,492**	3,230
	18,013	41,466

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2021	2020
Malaysia	**2,207,048**	1,929,374
Singapore	**11,956**	11,893
United Kingdom	**480**	473
Vietnam	**440**	549
Australia	**-**	120,492
	2,219,924	2,062,781

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
Malaysia	**6,678,210**	7,225,443	7,391,945
United Kingdom	**3,069,057**	2,385,459	2,701,556
Singapore	**61,681**	69,247	86,754
Vietnam	**5,438**	5,907	6,675
Australia	**-**	-	116
	9,814,386	9,686,056	10,187,046

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37 SEGMENT INFORMATION - GROUP (CONTINUED)

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
Non-current assets other than financial instruments and deferred tax assets	**9,814,386**	9,686,056	10,187,046
Investments	**53,418**	56,276	58,788
Deferred tax assets	**623,212**	617,535	594,446
Receivables	**75,152**	80,790	50,790
	10,566,168	10,440,657	10,891,070

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Segment assets		
	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
Segment total	**14,601,841**	14,139,228	14,788,294
Tax assets	**654,819**	649,738	617,780
Total	**15,256,660**	14,788,966	15,406,074

	Segment liabilities		
	31.12.2021	31.12.2020 Restated	01.01.2020 Restated
Segment total	**1,820,300**	1,954,325	1,913,828
Tax liabilities	**211,475**	231,862	322,460
Borrowings	**3,831,600**	3,326,469	3,204,287
Lease liabilities	**66,748**	82,937	91,712
Total	**5,930,123**	5,595,593	5,532,287

Amounts in RM thousand unless otherwise stated

38 RELATED PARTIES

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2021	**2020**
a. Transactions between subsidiaries and significant non-controlling interest:		
Turnkey construction works rendered to Sime Darby Brunsfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunsfield Engineering Sdn Bhd, 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	**(135,760)**	(232,828)
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	**(8,757)**	-

b. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 58.2% (2020: 58.6%) as at 31 December 2021 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.

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38 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
b. Transactions with shareholders and Government: (continued)				
Yayasan Sime Darby				
- Contribution paid/payable to Yayasan Sime Darby	**(20,000)**	(10,000)	**(14,500)**	(5,000)
Sime Darby Berhad Group				
- Rental income	**11,917**	11,893	**-**	-
- Annual branding royalty fee	**(2,000)**	(2,000)	**(2,000)**	(2,000)
- Deposit paid for land acquisition (refer below)	**(28,000)**	-	**-**	-
Sime Darby Plantation Berhad Group				
- Rental income	**11,285**	7,428	**4,147**	2,692

During the financial year, Sime Darby Property (MVV Central) Sdn Bhd had on 27 October 2021 entered into a Sale and Purchase Agreement ("SPA") with Kumpulan Sime Darby Berhad ("KSDB"), a wholly owned 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.

The land is part of the option land under the Call Option Agreements between SDPB and KSDB, which has been previously disclosed in Section 4.1.2(ii) of the Prospectus of SDPB dated 28 November 2017 issued pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad.

The purchase price was arrived based on the joint valuation conducted by Sime Darby Property Berhad ("SDPB") and KSDB in September 2021.

The payment terms are as follows:

(a) 10% of the purchase price to be paid on signing of the SPA; and

(b) 90% of the purchase price ("Balance Purchase Price") to be paid within 3 months from the date when all conditions precedent are fulfilled or such other date as the parties may mutually agree in writing.

Amounts in RM thousand unless otherwise stated

38 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 shareholders and Government: (continued)

Completion of the SPA shall take place at the office of KSDB or such other place as the parties agree when the following business shall be transacted:

(a) KSDB shall deliver a letter confirming delivery of vacant possession of the land

(b) A copy of the letter duly signed by KSDB and Sime Darby Plantation Berhad ("Tenant") or such other documentary proof confirming the mutual termination of the tenancy in respect of the land which is currently tenanted to the Tenant pursuant to the tenancy agreement dated 19 July 2017 made between the KSDB and the Tenant (which term was renewed for another 3 years to expire on 28 June 2023); and

(c) Full payment of the Balance Purchase Price to KSDB.

	Group		Company	
	2021	**2020**	**2021**	**2020**
c. Transactions with joint ventures				
Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd				
- Recovery of construction costs	**-**	4,212	**-**	-
Aster Real Estate Investment Trust 1				
- Rental expense	**(17,578)**	(17,415)	**-**	-
d. Transactions with Directors, key management personnel and their close family members				
Remuneration of Directors and key management personnel				
- salaries, fees and other emoluments	**12,743**	9,151	**12,743**	9,151
- defined contribution plan	**1,458**	856	**1,458**	856
- estimated monetary value of benefits by way of usage of the Group's and of the Company's assets	**298**	370	**298**	370
Sale of properties to a Director of the Company	**2,034**	-	**-**	-

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38 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
e. Outstanding balances with related parties				
Amount due to non-controlling interest included in borrowings				
Brunsfield Metropolitan Sdn Bhd	**228,779**	214,998	**-**	-
Included in payables				
Brunsfield Metropolitan Sdn Bhd	**90,230**	90,230	**-**	-
Brunsfield Engineering Sdn Bhd	**6,335**	36,522	**-**	-
Tunas Cool Energy Sdn Bhd	**1,246**	-	**-**	-

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 12, 13, 22, 26, 32 and 33.

39 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

Amounts in RM thousand unless otherwise stated

39 FINANCIAL INSTRUMENTS (CONTINUED)

a. Financial instruments measured at fair value (continued)

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	
	2021	**2020**
Level 1 - quoted shares	**-**	2,083
Level 3 - unquoted shares	**53,418**	54,193
	53,418	56,276

The quoted shares are measured at Level 1 of the fair value hierarchy, based on quoted prices of the shares in active markets. 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.

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**
2021				
Payables	**1,099,073**	**1,106,706**	**181,460**	**181,460**
Borrowings	**3,831,600**	**3,871,836**	**1,936,682**	**1,911,692**
Lease liabilities	**66,748**	**67,868**	**15,674**	**15,553**
2020				
Payables	1,327,278	1,335,265	162,524	162,524
Borrowings	3,326,469	3,409,215	1,299,458	1,299,938
Lease liabilities	82,937	83,959	23,105	23,105

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

Amounts in RM thousand unless otherwise stated

40 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, price risk, interest rate risk, credit risk, liquidity risk and cash flow 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	
	2021	**2020**	**2021**	**2020**
Fixed rate borrowings	**1,418,413**	1,499,204	**801,182**	801,022
Floating rate borrowings	**2,413,187**	1,827,265	**1,135,500**	498,436
Total borrowings	**3,831,600**	3,326,469	**1,936,682**	1,299,458
Percentage of fixed rate borrowings over total borrowings	**37.0%**	45.1%	**41.4%**	61.6%

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 25 basis points, with all variables held constant, the Group's and the Company's profit/(loss) after taxation and other comprehensive income/(loss) will be affected by higher interest expense as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
Higher interest expense	**4,585**	3,472	**2,157**	947

Amounts in RM thousand unless otherwise stated

40 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 reporting date 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						
2021						
Payables	**945,080**	**46,769**	**64,020**	**83,224**	**1,139,093**	**1,099,073**
Borrowings	**1,198,469**	**536,484**	**1,262,753**	**1,328,568**	**4,326,274**	**3,831,600**
Lease liabilities	**23,300**	**23,300**	**4,566**	**61,625**	**112,791**	**66,748**
	2,166,849	**606,553**	**1,331,339**	**1,473,417**	**5,578,158**	**4,997,421**
2020						
Payables	1,105,080	88,105	87,124	83,774	1,364,083	1,327,278
Borrowings	413,731	438,640	1,414,791	1,738,843	4,006,005	3,326,469
Lease liabilities	20,135	22,988	26,426	62,645	132,194	82,937
	1,538,946	549,733	1,528,341	1,885,262	5,502,282	4,736,684
Company						
2021						
Payables	**166,472**	**5,833**	**9,155**	**-**	**181,460**	**181,460**
Borrowings	**816,526**	**101,632**	**536,320**	**687,114**	**2,141,592**	**1,936,682**
Lease liabilities	**8,044**	**8,044**	**108**	**-**	**16,196**	**15,674**
	991,042	**115,509**	**545,583**	**687,114**	**2,339,248**	**2,133,816**
2020						
Payables	153,237	1,430	7,857	-	162,524	162,524
Borrowings	108,374	106,136	454,700	874,179	1,543,389	1,299,458
Lease liabilities	8,044	8,045	8,044	107	24,240	23,105
	269,655	115,611	470,601	874,286	1,730,153	1,485,087

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For the financial year ended 31 December 2021

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40 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 enhancement	Maximum exposure	Collateral and credit enhancement
2021				
Receivables	**788,435**	**670,721**	**1,982,584**	**62,000**
Contract assets	**2,346,009**	**948,854**	**38,583**	**38,583**
Cash held under Housing Development Accounts	**291,466**	**-**	**17,290**	**-**
Bank balances, deposits and cash	**618,198**	**-**	**86,573**	**-**
	4,044,108	**1,619,575**	**2,125,030**	**100,583**
2020				
Receivables	703,450	585,778	2,135,864	54,867
Contract assets	2,379,374	912,052	33,257	33,257
Cash held under Housing Development Accounts	345,486	-	47,324	-
Bank balances, deposits and cash	456,351	-	191,945	-
	3,884,661	1,497,830	2,408,390	88,124

41 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.

Amounts in RM thousand unless otherwise stated

42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	2020	Auditors
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
Sime Darby Brunsfield Damansara Sdn Bhd	Property development and property investment	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Holding Sdn Bhd	Investment holding, property development and provision of management services	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Kenny Hills Sdn Bhd	Property development	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Motorworld Sdn Bhd	Investment holding	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Properties Holding Sdn Bhd	Property investment and property management services	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Resort Sdn Bhd	Property development	Malaysia	**60.0**	60.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	**70.0**	70.0	1
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

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For the financial year ended 31 December 2021

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42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors
Subsidiaries (continued)					
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 Industrial I) 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 and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Subang) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (BUP Asset I) Sdn Bhd	Property investment	Malaysia	**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
Sime Darby Property (Convention Centre) Sdn Bhd	Operation of a convention centre	Malaysia	**100.0**	100.0	1
Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd	Property investment	Malaysia	**100.0**	-	1
Sime Darby Property (Golfhome) Sdn Bhd	Property investment and 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

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42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors
Subsidiaries (continued)					
Sime Darby Property (Industrial Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (Industrial Asset II) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (Industrial Asset III) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (Industrial Development I) Sdn Bhd	Property development	Malaysia	**100.0**	-	4
Sime Darby Property (Industrial Development II) Sdn Bhd	Property development	Malaysia	**100.0**	-	4
Sime Darby Property (Industrial Development III) Sdn Bhd	Property development	Malaysia	**100.0**	-	4
Sime Darby Property (Ironwood) Sdn Bhd	Property investment and property development	Malaysia	**100.0**	100.0	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	Property development and provision of management services	Malaysia	**100.0**	100.0	1
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 investment and property development	Malaysia	**100.0**	100.0	1

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42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors
Subsidiaries (continued)					
Sime Darby Property (MVV Central) Sdn Bhd	Property development	Malaysia	**100.0**	-	1
Sime Darby Property (Nilai Realty) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development, investment and provision of property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property (Pagoh) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	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
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 and property investment	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

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42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors
Subsidiaries (continued)					
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	**100.0**	100.0	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 and construction	Malaysia	**60.0**	60.0	1
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
Superglade Sdn Bhd	Project development services	Malaysia	**60.0**	60.0	1
The Glengowrie Rubber Company Sdn Berhad	Property development	Malaysia	**78.7**	78.7	1
Sime Darby Property (Capital Holdings) Pte Ltd	Investment holding	Singapore	**100.0**	-	4
Sime Darby Property (IDF Holdings) Pte Ltd	Investment holding	Singapore	**100.0**	-	4

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42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors
Subsidiaries (continued)					
Sime Darby Property Industrial Development Fund LP	Trust, funds and other similar activities	Singapore	**100.0**	-	4
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	**100.0**	100.00	3
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	**100.0**	100.00	3
OSC Sunrise Apartment Company Limited	Operation of service residences	Vietnam	**65.0**	65.00	2
Sime Darby Property (Hong Kong) Limitied	Investment holding	Hong Kong SAR	**100.00**	100.00	2
Sime Darby Property (London) Limited	Property investment holding	United Kingdom	**100.00**	100.00	3
Joint ventures					
PJ Midtown Development Sdn Bhd	Property development	Malaysia	**30.0**	30.0	1
Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd	Property investment	Malaysia	**50.0**	50.0	3
Sime Darby Property MIT Development Sdn Bhed	Investment holding, property investment, asset management and property development	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
Industrial Joint Venture (Holdings) Pte Ltd	Investment holding	Singapore	**51.0**	-	4
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	**40.0**	40.0	2

Amounts in RM thousand unless otherwise stated

42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2021 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors
Joint ventures (continued)					
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
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

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42 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries which are dormant/inactive as at 31 December 2021 are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2021	2020	Auditors
Subsidiaries				
Sime Darby Brunsfield Australia Pte Ltd	British Virgin Islands	**60.0**	60.0	4
Sime Darby Brunsfield Property Sdn Bhd	Malaysia	**70.0**	70.0	1
Sime Darby Builders Sdn Bhd	Malaysia	**100.00**	100.00	1
Sime Darby Constant Skyline Sdn Bhd	Malaysia	**100.00**	100.00	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	**100.00**	100.00	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Malaysia	**100.00**	100.00	1
Sime Darby Property (Kulai) Sdn Bhd	Malaysia	**100.00**	100.00	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	**100.00**	100.00	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	**100.00**	100.00	1
Darby Park (Management) Pte Ltd	Singapore	**100.00**	100.00	3
Sime Darby Property Real Estate Management Pte Ltd	Singapore	**100.00**	100.00	3
Sime Darby Property Ventures (HK) Limited	Hong Kong SAR	**100.00**	-	4
Key Access Holdings Limited	British Virgin Islands	**100.00**	100.00	4
Vibernum Limited	Guernsey	**100.00**	100.00	4
Robt Bradford Hobbs Savill Limited	United Kingdom	**98.6**	98.6	4
Robt Bradford & Co Limited	United Kingdom	**100.00**	100.00	4

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42 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 (%) 2021	Group's effective interest (%) 2020
Subsidiaries			
OCI Management Pty Ltd	Australia	-	60.0
Sime Darby Investments Pty Limited	Australia	-	100.0
Sime Darby Serenity Cove Pty Limited	Australia	-	60.0

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.

43 ADOPTION OF AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION")

In March 2019, the IFRS Interpretations Committee published an agenda decision on borrowing costs, concluding that no borrowing cost is to be capitalised to receivables and contract assets. In addition, the Agenda Decision also concluded that capitalisation of borrowing costs into inventories ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Prior to the adoption of the Agenda Decision, borrowing costs incurred on property development were capitalised to the carrying value of the inventories until the completion of the construction of the asset. The borrowing costs capitalised in the inventories were recognised as cost of sales in profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The Group and the Company has adopted the Agenda Decision with effect from 1 January 2021. The Agenda Decision has been applied retrospectively with the restatement of the opening retained profit for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

NOTES TO THE FINANCIAL STATEMENTS
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43 ADOPTION OF AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION") (CONTINUED)

The effects of adoption of the Agenda Decision on the results for the financial year ended 31 December 2020 and the financial positions as at 1 January 2020 and 31 December 2020 are as follows:

i. Reconciliation of statement of profit or loss for the financial year ended 31 December 2020

Group	Pre-adoption of Agenda Decision	Effects of adoption of Agenda Decision	Post-adoption of Agenda Decision
Revenue	2,062,781	-	2,062,781
Cost of sales	(1,771,093)	29,048	(1,742,045)
Gross profit	291,688	29,048	320,736
Other operating income	15,806	-	15,806
Selling and marketing expenses	(74,060)	-	(74,060)
Administrative and other expenses	(233,962)	-	(233,962)
Operating (loss)/profit	(528)	29,048	28,520
Other losses	(88,022)	-	(88,022)
Share of results of joint ventures and associates	(421,330)	428	(420,902)
Loss before interest and taxation	(509,880)	29,476	(480,404)
Finance income	109,944	-	109,944
Finance costs	(44,774)	(59,570)	(104,344)
Loss before taxation	(444,710)	(30,094)	(474,804)
Taxation	(70,973)	10,230	(60,743)
Loss for the financial year	(515,683)	(19,864)	(535,547)
Loss for the financial year attributable to:			
- owners of the Company	(478,802)	(22,764)	(501,566)
- non-controlling interests	(36,881)	2,900	(33,981)
	(515,683)	(19,864)	(535,547)
Basic loss per share attributable to owners of the Company (Sen)	(7.0)	(0.4)	(7.4)

Amounts in RM thousand unless otherwise stated

43 ADOPTION OF AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION") (CONTINUED)

The effects of adoption of the Agenda Decision on the results for the financial year ended 31 December 2020 and the financial positions as at 1 January 2020 and 31 December 2020 are as follows: (continued)

ii. Reconciliation of statement of financial position as at 1 January 2020

Group	Pre-adoption of Agenda Decision	Effects of adoption of Agenda Decision	Post-adoption of Agenda Decision
NON-CURRENT ASSETS			
Joint ventures	2,805,001	(4,585)	2,800,416
Deferred tax assets	579,376	15,070	594,446
Other non-current assets	7,496,208	-	7,496,208
	10,880,585	10,485	10,891,070
CURRENT ASSETS			
Inventories			
- Property development costs	1,455,335	(80,226)	1,375,109
- Completed development units	532,786	(6,478)	526,308
- Finished goods, raw materials and consumables	1,722	-	1,722
Other current assets	2,611,865	-	2,611,865
	4,601,708	(86,704)	4,515,004
TOTAL ASSETS	15,482,293	(76,219)	15,406,074
EQUITY			
Attributable to owners of the Company	9,721,710	(67,085)	9,654,625
Non-controlling interests	228,296	(9,134)	219,162
	9,950,006	(76,219)	9,873,787
TOTAL LIABILITIES	5,532,287	-	5,532,287
TOTAL EQUITY AND LIABILITIES	15,482,293	(76,219)	15,406,074

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43 ADOPTION OF AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION") (CONTINUED)

The effects of adoption of the Agenda Decision on the results for the financial year ended 31 December 2020 and the financial positions as at 1 January 2020 and 31 December 2020 are as follows: (continued)

iii. Reconciliation of statement of financial position as at 31 December 2020

Group	Pre-adoption of Agenda Decision	Effects of adoption of Agenda Decision	Post-adoption of Agenda Decision
NON-CURRENT ASSETS			
Joint ventures	2,480,258	(4,157)	2,476,101
Deferred tax assets	592,235	25,300	617,535
Other non-current assets	7,347,021	-	7,347,021
	10,419,514	21,143	10,440,657
CURRENT ASSETS			
Inventories			
- Property development costs	1,299,081	(114,145)	1,184,936
- Completed development units	576,721	(3,081)	573,640
- Finished goods, raw materials and consumables	1,467	-	1,467
Other current assets	2,588,266	-	2,588,266
	4,465,535	(117,226)	4,348,309
TOTAL ASSETS	14,885,049	(96,083)	14,788,966
EQUITY			
Attributable to owners of the Company	9,103,693	(89,849)	9,013,844
Non-controlling interests	185,763	(6,234)	179,529
	9,289,456	(96,083)	9,193,373
TOTAL LIABILITIES	5,595,593	-	5,595,593
TOTAL EQUITY AND LIABILITIES	14,885,049	(96,083)	14,788,966

Amounts in RM thousand unless otherwise stated

44 SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

a. Significant events during the financial year

i) On 29 September 2021, Sime Darby Property (Capital Holdings) Pte Ltd ("SDPCH"), a wholly-owned subsidiary of the Company entered into a shareholders' agreement with LOGOS SE Asia Pte. Ltd. ("LOGOS"), a wholly-owned subsidiary of LOGOS Group Property Limited. The Shareholders' Agreement governs the parties' relationship as shareholders to a joint venture company named Industrial Joint Venture (Holdings) Pte. Ltd. ("JV Co") which will establish a fund management platform to manage funds for the logistics sector, as well as to provide development services.

Based on the Shareholders' Agreement, SDPCH holds 51% whilst LOGOS holds 49% in the JV Co.

ii) The COVID-19 pandemic continued to present its challenges in the current financial year, the impact of which had adversely affected the financial performance of the Group for the year ended 31 December 2021. Temporary business closures during periods of lockdowns had affected all business segments within the Group. Nevertheless, the Group has and will continue to implement appropriate measures through strict standard operating procedures and alternative solutions to minimise business disruptions.

b. Significant event subsequent to the financial year

On 1 November 2021, the Group via its wholly-owned subsidiary, Sime Darby Property (Vietnam) Pte Ltd, entered into a Capital Transfer Agreement to dispose its entire 65% equity interest in OSC Sunrise Apartment Company Limited ("OSC") to Goldswan Hospitality Investment Joint Stock Company for a cash consideration of VND60.0 billion (approximately RM10.8 million). Upon fulfilment of conditions precedent, the disposal of OSC was completed on 10 February 2022.

45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 25 March 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Rizal Rickman Ramli**
  (Non-Independent Non-Executive Chairman)
- **Dato' Azmir Merican**
  (Group Managing Director)
- **Dato' Jaganath Derek Steven Sabapathy**
  (Senior Independent Non-Executive Director)
- **Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj**
  (Non-Independent Non-Executive Director)
- **Dato' Seri Ahmad Johan Mohammad Raslan**
  (Independent Non-Executive Director)
- **Datin Norazah Mohamed Razali**
  (Independent Non-Executive Director)
- **Dato' Soam Heng Choon**
  (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)

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 address:
group.communications@simedarbyproperty.com
Website : www.simedarbyproperty.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, 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

GROUP CORPORATE STRUCTURE (OPERATING ENTITIES)

Sime Darby Property

SIME DARBY PROPERTY BERHAD

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
- 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 Industrial I) 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 (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 (Elmina Lakeside Mall) 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 (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 (USJ) Sdn Bhd
- Sime Darby Property (Utara) Sdn Bhd
- Sime Darby Property Holdings Sdn Bhd
- Sime Darby Property Management Sdn Bhd
- Sime Darby Property Selatan (Holding) Sdn Bhd
- Sime Darby Property Urus Harta Sdn Bhd

MALAYSIA: NON-WHOLLY OWNED SUBSIDIARIES

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

MALAYSIA: JOINT VENTURES

- Industrial Joint Venture (Holdings) Pte Ltd Group
- PJ Midtown Development Sdn Bhd
- Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd
- Sime Darby Property MIT Development Sdn Bhd Group
- Sime Darby Property Sunrise Development Sdn Bhd

FOREIGN: WHOLLY-OWNED SUBSIDIARIES

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

FOREIGN: 40% ASSOCIATES

- Battersea Project Holding Company Limited Group
- Battersea Power Station Development Company Limited Group
- Battersea Power Station Estates Limited

Note:
For the full list of entities, please refer to page 344 to 366, Note 42 List of Subsidiaries, Joint Ventures and Associates.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2022

Issued and Paid-Up Share Capital	:	6,800,839,377
Class of Shares	:	Ordinary Shares
Number of Shareholders	:	27,700
Voting Rights	:	1 vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,761	9.942	70,033	0.001
100 to 1,000 shares	6,108	21.994	3,656,618	0.053
1,001 to 10,000 shares	13,541	48.761	49,811,961	0.732
10,001 to 100,000 shares	4,385	15.790	125,298,150	1.842
100,001 to less than 5% of issued shares	971	3.496	2,194,736,339	32.271
5% and above of issued shares	4	0.014	4,427,266,276	65.098
TOTAL	**27,770**	**100.00**	**6,800,839,377**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

Category of Holders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individual	23,062	83.046	258,709,382	3.804
Bank/Finance Companies	51	0.184	4,469,239,039	65.716
Investment Trusts/Foundation/Charities	16	0.058	668,156	0.010
Industrial and Commercial Companies	611	2.200	208,887,351	3.071
Government Agencies/Institutions	1	0.004	1,065,890	0.016
Nominees	4,027	14.501	1,862,164,284	27.381
Others	2	0.007	105,275	0.002
Trustee	0	0.00	0	0.00
TOTAL	**27,770**	**100.00**	**6,800,839,377**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shareholders (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/ Deemed Interest)	% of Issued Shares
1	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	3,023,917,800	44.464	-	-
2	Employees Provident Fund Board	598,174,410	8.796	15,662,900	0.230
3	Permodalan Nasional Berhad	407,220,492	5.988	-	-
4	Yayasan Pelaburan Bumiputra[1]	-	-	407,220,492	5.988
5	Kumpulan Wang Persaraan (Diperbadankan)	401,836,212	5.909	25,317,100	0.372

Note:

[1] *Deemed interested by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8 of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2022

TOP THIRTY (30) SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	3,023,917,800	44.463
2	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	598,174,410	8.795
3	Permodalan Nasional Berhad	407,220,492	5.987
4	Kumpulan Wang Persaraan (Diperbadankan)	397,953,574	5.851
5	Amanahraya Trustees Berhad *Amanah Saham Malaysia 2 - Wawasan*	138,000,000	2.029
6	Amanahraya Trustees Berhad *Amanah Saham Malaysia*	118,109,900	1.736
7	Amanahraya Trustees Berhad *Amanah Saham Bumiputera 2*	112,897,400	1.660
8	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Equity Fund*	81,610,127	1.200
9	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	60,760,649	0.893
10	HSBC Nominees (Asing) Sdn Bhd *HSBC BK PLC for Kuwait Investment Office (KIO)*	55,072,900	0.809
11	Amanahraya Trustees Berhad *Amanah Saham Malaysia 3*	53,885,437	0.792
12	Guoline (Singapore) Pte Ltd	50,701,700	0.745
13	Pertubuhan Keselamatan Sosial	45,804,365	0.673
14	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT OD67)*	42,857,100	0.630
15	Amanahraya Trustees Berhad *Amanah Saham Bumiputera 3 - Didik*	40,274,300	0.592
16	Citigroup Nominees (Asing) Sdn Bhd *CNBY for Norges Bank (FI 17)*	39,283,400	0.577
17	Quek Leng Chan	38,600,000	0.567
18	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Ittikal Fund (N14011970240*	35,000,000	0.514
19	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)*	32,230,416	0.473
20	Cartaban Nominees (Tempatan) Sdn Bhd *PBTB for Takafulink Dana Ekuiti*	28,427,388	0.417

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2022

TOP THIRTY (30) SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
21	Amanahraya Trustees Berhad *Public Islamic Dividend Fund*	27,975,463	0.411
22	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall- Cap Fund*	22,988,700	0.338
23	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (Par 3)*	22,735,002	0.334
24	HSBC Nominees (Asing) Sdn Bhd *Morgan Stanley & Co. International PLC (Firm A/C)*	22,601,892	0.332
25	Hong Leong Assurance Berhad *As Beneficial Owner (Life PAR)*	22,307,131	0.328
26	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	21,077,879	0.309
27	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 14)*	19,219,065	0.282
28	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)*	19,021,278	0.279
29	Citigroup Nominees (Asing) Sdn Bhd *UBS AG*	18,997,976	0.279
30	Associated Land Sendirian Berhad	18,367,000	0.270
TOTAL		**5,616,072,744**	**82.579**

Note:
The above analysis and list of top thirty (30) shareholders are based on Record of Depositors as at 31 March 2022.

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP
as at 31 December 2021

Location	Tenure	Remaining land area (acres)	Year of acquisition	Net book value (RM'thousand)
LAND HELD BY THE GROUP				
MALAYSIA				
Kedah Darul Aman				
Jerai, Kuala Muda	Freehold	1,504	1985-2007	54,380
Victoria, Kulim	Freehold	71	1992	1,525
Selangor Darul Ehsan				
Bandar Bukit Raja, Klang	Freehold	1,787	2007	323,300
Elmina West, Sungai Buloh	Freehold	1,124	1985	268,883
Taipan City, Subang	Freehold	35	1992	254,021
Putra Heights, Subang Jaya	Freehold	48	1992	251,847
Kota Elmina, Rawang	Freehold	1,226	1985	185,729
Subang Jaya City Centre, Subang Jaya	Freehold	24	1964-2013	113,310
Melawati Development, Hulu Kelang	Freehold	128	1978	102,831
Serenia City, Sepang	Freehold	967	2008	75,328
Bukit Jelutong, Shah Alam	Freehold	131	1985	67,562
Elmina East, Sungai Buloh	Freehold	244	1985	66,987
Ara Damansara, Petaling Jaya	Freehold	40	1985	63,165
Bukit Lagong, Rawang	Freehold	1,487	1985	61,343
Acob, Klang	Freehold	236	1995	11,777
Kuala Lumpur				
Bukit Kiara	Leasehold expiring 2111	41	1991	484,491
Negeri Sembilan Darul Khusus				
New Labu/Sg Sekah/Hamilton, Nilai	Freehold	2,931	1995-2017	924,001
Nilai Impian/Utama, Nilai	Freehold	375	1992-1996	357,492
Planters' Haven, Nilai	Freehold	91	1995	15,381
Sua Betong, Port Dickson	Freehold	386	1985	9,971
Rasah, Seremban	Freehold	21	1995	6,216
	Leasehold expiring 2066	3	1995	244
Johor Darul Takzim				
Pagoh, Muar	Leasehold expiring 2111	2,189	2012	315,154
	Freehold	17	2012	1,891
Taman Pasir Putih, Pasir Gudang	Freehold	24	1984	13,192

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

as at 31 December 2021

Location	Tenure	Land area (acres)	Year of acquisition/ completion	Age of building (Years)	Description	Net book value (RM' thousand)
INVESTMENT PROPERTIES						
MALAYSIA						
Kuala Lumpur						
KL East, Taman Melawati	Freehold	7	2020	2	KL East Mall	370,795
		7	2015	5-7	Land, piazza and 2-storey car park	21,945
Wisma MRT, Jalan Gelenggang, Damansara Heights	Freehold	1	1985	39	5-storey office building	9,550
Selangor Darul Ehsan						
Oasis Square, Ara Damansara	Freehold	3	2010	12	2 blocks of 12-storey office building and basement car park	207,388
Oasis Corporate Park, Ara Damansara	Freehold	-	2017	5	Carpark	35,821
Wisma Zuellig, Petaling Jaya	Leasehold expiring 2059	3	2000	29	6-storey industrial building	31,632
Sime Darby Pavillion, Bukit Jelutong, Shah Alam	Freehold	7	1999	23	3-storey commercial building	23,408
LEISURE PROPERTIES						
MALAYSIA						
Kuala Lumpur						
Kuala Lumpur Golf & Country Club	Leasehold expiring 2087	279	1991	11-29	36-hole golf course and clubhouse	251,676
Sime Darby Convention Centre,Bukit Kiara	Leasehold expiring 2111	4	2006	16	5-storey multi-purpose convention and business centre	86,502
Selangor Darul Ehsan						
Impian Golf & Country Club, Kajang	Freehold	142	1997	25	18-hole golf course and country club	54,238
Bayuemas Sports and Events Complex, Kota Bayuemas	Freehold	22	2004	11-18	Cricket club and lawn bowl sports facilities	35,735

INDEPENDENT ASSURANCE REPORT

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Independent Limited Assurance Report on Selected Sustainability Information in Sime Darby Property's Annual Report 2021

To the Board of Directors of Sime Darby Property Berhad

We have been engaged by Sime Darby Property Berhad ("Sime Darby Property" or "the Company") to perform an independent limited assurance engagement on selected sustainability information, comprising the information set out in the Subject Matter (hereinafter referred to as "Selected Information") for the financial year ended 31 December 2021 as reported by Sime Darby Property in its Annual Report 2021.

Management's Responsibility

Management of Sime Darby Property is responsible for the preparation of the Selected Information included in the Sime Darby Property's Annual Report 2021 in accordance with Sime Darby Property's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Sime Darby Property's Annual Report 2021 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Selected 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 Sime Darby Property which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter 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 Selected Information is free from material misstatement.

The accuracy of the Selected 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 Sime Darby Property's internal sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

A limited assurance engagement involves assessing the suitability in the circumstances of Sime Darby Property's use of the Criteria as the basis for the preparation of the Subject Matter, assessing the risks of material misstatement of the Selected 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.

Subject Matter

The Selected Information reported and marked with asterisks (*) in the Sustainability Report within the Sime Darby Property's Annual Report 2021, on which we provide limited assurance, consists of:

1. Total carbon emissions (Scope 1 and Scope 2);
2. Total operational potable water use;
3. Total operational solid waste to landfill;
4. Lost time injury frequency rate; and
5. Employee breakdown by gender.

Our assurance was with respect to the year ended 31 December 2021 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sime Darby Property's Annual Report 2021 and, therefore, do not express any conclusion thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT ASSURANCE REPORT

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Criteria

The Selected Information needs to be read and understood together with the reporting criteria, which Sime Darby Property is solely responsible for selecting and applying. The reporting criteria used for the reporting of the Selected Information by which the Selected Information is gathered, collated and aggregated internally are Sime Darby Property's internal sustainability reporting guidelines and procedures, available on the website of Sime Darby Property at www.simedarbyproperty.com.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities.

Independence and Quality Control

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.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquired personnel responsible for the Selected Information reported in Sime Darby Property's Annual Report 2021 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquired personnel responsible for data collection, collation and reporting of the Selected Information at the corporate and operating unit level;
- Inspected on a sample basis of internal documents, contracts, reports, data capture forms, delivery orders, invoices, where applicable, to support the Selected Information including observation of management's controls over the processes; and
- Checked the formulas, proxies and default values used in the Selected Information against Sime Darby Property's internal sustainability reporting guidelines and procedures.

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, in all material respects, the Selected Information in the Subject Matter has not been fairly stated in accordance with Sime Darby Property's internal sustainability reporting guidelines and procedures.

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Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of Sime Darby Property in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information as reported by Sime Darby Property in its Sime Darby Property's Annual Report 2021. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Sime Darby Property's Annual Report 2021 to be disclosed in the website of Sime Darby Property at www.simedarbyproperty.com, in respect of the financial year ended 31 December 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Information in connection with the preparation of Sime Darby Property's Annual Report 2021. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
6 April 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting ("49th AGM") of Sime Darby Property Berhad ("Sime Darby Property" or "Company") will be held virtually via the TIIH Online website at https://tiih.online and at the Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue** on Tuesday, 24 May 2022 at 10.00 a.m. for the transaction of the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 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' Jaganath Derek Steven Sabapathy **(Resolution 1)**
   (ii) Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj **(Resolution 2)**
   (iii) Datin Norazah Mohamed Razali **(Resolution 3)**
   Refer to Explanatory Note 2

3. To re-elect the following Directors who retire in accordance with Rule 92.3 of the Constitution of the Company and being eligible, offer themselves for re-election:
   (i) Dato' Hamidah Naziadin **(Resolution 4)**
   (ii) Dr. Lisa Lim Poh Lin **(Resolution 5)**
   Refer to Explanatory Note 3

4. To approve the payment of fees to the Non-Executive Directors for the period from 25 May 2022 until the next AGM of the Company to be held in year 2023. **(Resolution 6)**
   Refer to Explanatory Note 4

5. To approve the payment of benefits to the Non-Executive Directors up to an amount of RM500,000 for the period from 25 May 2022 until the next AGM of the Company to be held in year 2023. **(Resolution 7)**
   Refer to Explanatory Note 5

6. To re-appoint PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to determine their remuneration. **(Resolution 8)**
   Refer to Explanatory Note 6

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolution:

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, other applicable laws, guidelines, rules and regulations, and the approval of the relevant government and/or regulatory authorities (where applicable), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Recurrent Related Party Transactions") as set out in Section 2.4 of the Circular to Shareholders dated 25 April 2022 ("the Circular"), subject further to the following:

(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the non-interested shareholders of the Company;

(ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall commence immediately upon passing of this ordinary resolution and continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed; or
(b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Sections 340(1) and (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) this shareholders' mandate is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any one of them be and are/is hereby authorised to complete and do all such acts, deeds and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution." **(Resolution 9)**
Refer to Explanatory Note 7

8. 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.

NOTICE OF ANNUAL GENERAL MEETING

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member whom shall be entitled to attend, speak and vote at this 49th 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 12 May 2022. Only a depositor whose name appears on the Record of Depositors as at 12 May 2022 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, Malaysia
25 April 2022

NOTES:

1. **Registration for Remote Participation and Voting ("RPV") Facilities**

   1.1 The 49th AGM will be conducted on a **virtual basis through live streaming and online remote voting** via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online. Members can attend, participate and vote in the meeting remotely or online using the RPV facilities. Please follow the procedures provided in the Administrative Details for the 49th AGM in order to register, participate and vote remotely via the RPV facilities.

   1.2 The broadcast venue of the 49th 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 shareholders/proxy(ies) from the public will be physically present at the meeting venue.

2. **Submission of questions before and during the meeting**

   2.1 Members may submit questions in relation to the agenda items for the 49th AGM prior to the meeting via TIIH Online at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically not later than Sunday, 22 May 2022.

   2.2 Members may also use the Query Box facility to ask questions real time (in the form of typed text) during the 49th AGM. 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 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 49th 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 Form of Proxy 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 office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding this AGM or no later than 22 May 2022 at 10.00 a.m.

(ii) By Tricor Online System (TIIH Online)
The Form of Proxy can be electronically submitted with the Share Registrar of the Company via TIIH Online. The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Details).

(iii) By Email or Facsimile
The Form of Proxy can be sent via email to Tricor's email address is.enquiry@my.tricorglobal.com or via facsimile at telephone no. +603-2783 9222.

3.8 Only Members registered in the Record of Depositors as at 12 May 2022 shall be entitled to attend, speak and vote at the 49th 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 2021

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 Companies Act 2016 ("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' Jaganath Derek Steven Sabapathy, Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Datin Norazah Mohamed Razali are due to retire at the 49th 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 49th 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 Self and Peer Assessment results of the Board Effectiveness Evaluation 2021;

NOTICE OF ANNUAL GENERAL MEETING

(ii) The Directors' 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 respective Board Committees;

(iii) The level of independence demonstrated by the Independent Director and the ability to act in the best interests of the Company in decision-making;

(iv) The Directors have the character, integrity, experience and competence to discharge their role effectively; and

(v) The Directors' ability to commit and devote adequate time to fulfil their responsibilities effectively.

Dato' Jaganath Derek Steven Sabapathy, Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Datin Norazah Mohamed Razali, being eligible, have offered themselves for re-election at the 49th 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. Accordingly, the Board recommends the re-election of Dato' Jaganath Derek Steven Sabapathy, Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Datin Norazah Mohamed Razali at the 49th AGM.

3. **Ordinary Resolutions 4 to 5:**
Re-election of Directors 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.

Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin, who were appointed on 1 October 2021, shall hold office until the 49th AGM and shall then be eligible for re-election in accordance with Rule 92.3 of the Constitution.

All Directors standing for re-election under Rule 111 and Rule 92.3 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.

4. **Ordinary Resolution 6:**
Payment of Directors' Fees to the Non-Executive Directors for the period from 25 May 2022 until the next AGM of the Company to be held in year 2023

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 Non-Executive Directors ("NEDs") shall be subject to annual shareholders' approval at a general meeting.

The Company had, at its Forty-Eighth AGM ("48th AGM"), obtained approval from the shareholders in respect of the payment of Directors' fees to the NEDs for the period from 7 May 2021 until the 49th AGM.

The NRC had continued to carry out 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. An external consultant was engaged in 2019 to review the overall Directors' Remuneration Framework and provide the NRC with an objective and independent perspective. Such review exercise will continue to be carried out periodically taking into consideration the Company's performance and affordability.

Based on the recommendation from the NRC, the Board had, on 24 February 2022, 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 6 on the payment of NEDs' fees for the period from 25 May 2022 until the next AGM of the Company to be held in year 2023. 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 6 concerning the remuneration to the NEDs at the 49th AGM.

The remuneration of each Director is set out in the Corporate Governance Report on page 66.

5. **Ordinary Resolution 7:**
Payment of Benefits to the NEDs up to an amount of RM500,000 for the period from 25 May 2022 until the next AGM of the Company to be held in year 2023

The Company had, at its 48th AGM held on 6 May 2021, 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 7 May 2021 until the 49th 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 49th AGM.

If the proposed Resolution 7 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 7 concerning the remuneration to the NEDs at the 49th AGM.

6. **Ordinary Resolution 8:**
Re-appointment of Auditors

The Audit Committee ("AC") at its meeting held on 17 March 2022, had undertaken an annual assessment of the suitability and effectiveness of the external audit process, performance, suitability and independence of the external auditors, PricewaterhouseCoopers PLT ("PwC") as prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The said assessment focused on seven (7) key dimensions as follows:

(i) Calibre of External Auditor Firm
(ii) Quality Processes/Performance
(iii) Audit Team
(iv) Independence and Objectivity
(v) Audit Scope and Planning
(vi) Audit Fees
(vii) Audit Communication

The AC also took into account the openness in communication as well as access and interactions with key leadership partners of PwC Malaysia including the Executive Chairman, Managing Partner, Head of Assurance and Head of Tax. These interactions were over and above the regular meetings and engagement with the Audit Partner and her audit team.

In addition, the AC also considered information provided in PwC's 2021 Transparency Report. Amongst others are:

(i) Quality of PwC's leadership and its governance structure.
(ii) Adequacy of experience and resources, in terms of capacity, qualification and competencies.
(iii) Independence of PwC and the level of non-audit services rendered by PwC.
(iv) Audit effectiveness via quality management and engagement monitoring reviews.

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 Board had, at its meeting held on 24 March 2022, approved the AC's recommendation for the shareholders' approval to be sought at the 49th AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 31 December 2022, under Resolution 8. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. **Ordinary Resolution 9:**
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, if passed, will enable the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Circular to Shareholders dated 25 April 2022 for further information.

STATEMENT ACCOMPANYING NOTICE OF THE FORTY-NINTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors who are standing for re-election (as per Resolutions 1 to 5 as stated above) at the Forty-Ninth Annual General Meeting of Sime Darby Property Berhad are set out in the "Board of Directors' Profiles" section in the Company's Annual Report.

ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY BERHAD

Date	:	Tuesday, 24 May 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia
Online Platform	:	TIIH Online website at https://tiih.online with Remote Participation and Voting Facilities

1. Virtual Forty-Ninth Annual General Meeting

The Company will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the Forty-Ninth Annual General Meeting ("49th AGM") on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at https://tiih.online.

The venue of the 49th 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 shareholders/proxy(ies) from the public will be physically present at the meeting venue.

2. General Meeting Record of Depositors

Only members whose names appear on the Record of Depositors as at 12 May 2022 ("General Meeting ROD") shall be eligible to attend, speak and vote at the 49th AGM or appoint a proxy(ies) to attend and vote on his/her behalf.

3. Registration for RPV at the 49th AGM

Shareholders are invited to attend the 49th AGM to exercise your right to attend, participate and vote at the 49th AGM remotely by using the RPV facilities at https://tiih.online. Kindly refer to the following steps:

i) Register as a user of TIIH Online

a) Access the TIIH online website at https://tiih.online.
b) Under "e-Services", select the **Sign Up** button followed by "Create Account by **Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance.
c) Registration as a user will be approved within one (1) working day and you will be notified via e-mail.
d) If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ii) Register your attendance for the 49th AGM remotely

a) Registration is open from the date of the Notice of 49th AGM on **Monday, 25 April 2022** at 10.00 a.m. until such time before the end of the voting session of the 49th AGM on Tuesday, 24 May 2022 .
b) Shareholder(s), proxy(ies), corporate representative(s) or attorney(ies) are required to **pre-register** their attendance for the 49th AGM for verification of their eligibility to attend the 49th AGM using the RPV based on the General Meeting ROD as at 12 May 2022 .
c) Login with your user ID (e-mail address) and password and select the corporate event:
"(Registration) Sime Darby Property Berhad 49th AGM"
d) Read and agree to the Terms & Conditions and confirm the Declaration.
e) Select "Register for Remote Participation and Voting".
f) Review your registration and proceed to register.
g) TIIH Online system ("TIIH System") will send an e-mail to notify that your registration for remote participation is received and will be verified.

ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY BERHAD

iii) Verification and notification by TIIH System of your registration

a) After verification of your registration against the General Meeting ROD as at 12 May 2022, TIIH system will send you an **e-mail after 22 May 2022 to confirm the approval** of your registration for RPV. The procedures to use the RPV are detailed out in the said email and as set out in **Note 7** below.

b) In the event that your registration is not approved, you will be notified via e-mail.

(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).

4. Proxy

i) Appointment of Chairman of the Meeting as proxy

If a shareholder is not able to attend the 49th AGM, he/she can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Form of Proxy. Kindly refer to lodgement of Form of Proxy in accordance with **Note 5** below.

ii) Appointment of proxy, corporate representative or attorney

a) Shareholder who has appointed a proxy(ies), corporate representative(s) or attorney(ies) to participate at the 49th AGM via RPV must ensure that the Form of Proxy is completed with required information, signed and dated. The Form of Proxy must be deposited in accordance with **Note 5** below.

b) Shareholder must also request his/her proxy(ies), authorised representative or attorney to register himself/herself as a user with TIIH Online website at https://tiih.online.

c) The representative of a corporation or institutional shareholder must register as a user in accordance with **Note 5 (ii) (b)** below before he/she can subscribe to this corporate holder electronic proxy submission.

iii) Documents relating to appointment as corporate representative

For a corporate member who has appointed a representative to participate via RPV at the 49th AGM, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company, Tricor at the address as set out under **Note 5 (i)** below not later than **Sunday, 22 May 2022** at **10.00 a.m**. The certificate of appointment should be executed in the following manner:

a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

b) If the corporate member 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 at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

iv) Documents relating to appointment of proxy by power of attorney

a) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company, Tricor at the address as set out under **Note 5 (i)** below not later than **Sunday, 22 May 2022** at **10.00 a.m**.

b) A copy of the power of attorney may be accepted provided it is certified notarially and/or in accordance with applicable legal requirements in the relevant jurisdiction in which is it executed.

ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY BERHAD

5. Cut-off date and time for lodgement of Form of Proxy

Form of Proxy and/or documents relating to the appointment of proxy/corporate representative/attorney for the 49th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Sunday, 22 May 2022** at **10.00 a.m**:

i) In hard copy:

a) By hand or post to the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

b) By fax at +603-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

ii) In electronic form via TIIH Online

a) Steps for Individual Shareholders
- Registration as a user of TIIH Online as set out under **Note 3 (i)** above.
- As a registered user of TIIH Online, go to https://tiih.online and login with your user ID (e-mail address) and password.
- Select the corporate exercise/event: "**Sime Darby Property 49th AGM - Submission of Proxy Form**".
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.
- Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.
- Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
- Review and confirm your proxy(ies) appointment.
- Print the Form of Proxy for your record.

b) Steps for authorised/nominated representative of corporation or institutional shareholders

- Registration as user with TIIH Online
  - Access the TIIH Online at https://tiih.online.
  - Under "e-Services", select the **Sign Up** button followed by "Create Account by **Representative of Corporate Holder Account**".
  - Complete the registration form and upload the required documents.
  - Registration will be verified, and you will be notified by email within one (1) to two (2) working days.
  - Proceed to activate your account with the temporary password given in the email and reset your own password.

- Prepare appointment of Proxy
  - As a registered user of TIIH Online, go to https://tiih.online and login with your user ID (e-mail address) and password.
  - Select the corporate exercise/event : "**Sime Darby Property 49th AGM : Submission of Proxy Form**"
  - Read and agree to the Terms & Conditions and confirm the Declaration.
  - Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note given therein.
  - Prepare the file for the appointment of proxy(ies) by inserting the required data.

- Submit proxy appointment file
  - Select corporate exercise/event: "**Sime Darby Property 49th AGM : Submission of Proxy Form**".
  - Proceed to upload the duly completed proxy appointment file.
  - Select "Submit" to complete your submission.
  - Print the confirmation report of your submission for your record.

ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY BERHAD

6. Submission of Questions for the 49th AGM

The Board recognises that the 49th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 49th AGM, shareholders may in advance, before the 49th AGM, submit questions to the Board of Directors as follows:

i) Prior to 49th AGM

Shareholders may submit question in relation to the agenda items for the 49th AGM prior to the 49th AGM via TIIH Online at https://tiih.online, by selecting "e-Services" to login, pose questions and submit electronically not later than Sunday, 22 May 2022.

ii) During the meeting

Shareholders may use the Query Box facility to ask questions in real time (in the form of typed text) during the 49th AGM. The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

7. RPV on the date of 49th AGM

Subsequent to approved registration for the RPV, shareholders are advised to exercise your right to join the live streaming, participate and vote remotely at the 49th AGM. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

The procedures for the RPV facilities are as follows:

i) Login to TIIH Online

Login with your user ID (e-mail address) and password for remote participation at the 49th AGM at any time from 9.00 a.m. (i.e. 1 hour before the commencement of 49th AGM at 10.00 a.m.) on Tuesday, 24 May 2022.

ii) Participate through Live Streaming

a) Select the corporate event: "**(Live Stream Meeting) Sime Darby Property Berhad 49th AGM**" to engage in the proceedings of the 49th AGM remotely.

b) If you have any question for the Chairman/Board, you may use the **Query Box** to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 49th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

c) Please note that the quality of your connection to the live broadcast is dependent on the bandwidth and stability of the Internet at your location and the device you use.

iii) Remote Online Voting

The Online Voting session commences from **10.00 a.m.** on **Tuesday, 24 May 2022** until a time when the Chairman announces the end of the session.

a) Select the corporate event : "**(Remote Voting) Sime Darby Property 49th AGM**" or if you are on the Live Stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box.
b) Read and agree to the Terms & Conditions and confirm the Declaration.
c) Select the CDS account that represents your shareholdings.
d) Indicate your votes for the resolutions that are tabled for voting.
e) Confirm and submit your votes.

ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY BERHAD

iv) Helpline Contact

In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616/011-4080 3168/011-4080 3169/011-4080 3170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

v) End of remote participation

The Live Streaming will end upon the announcement made by the Chairman on the conclusion of the 49th AGM subsequent to the declaration on the outcome of the resolutions.

vi) No Door Gift(s) or Food Voucher(s)

There will be no distribution of door gift(s) or food voucher(s) to shareholders/proxies who participated the 49th AGM.

8. Poll Voting

The voting at the 49th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Company has appointed Tricor 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 49th 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 Scrutineers to verify the poll results.

The resolutions proposed at the 49th AGM and the results of the voting will be announced at the 49th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

9. No recording or photography

No recording or photography of the 49th AGM proceedings is allowed without the prior written permission of the Company.

10. Annual Report 2021

The Annual Report is available on the Company's website at www.simedarbyproperty.com and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

You may request for a printed copy of the Annual Report at https://tiih.online by selecting "Request for Annual Report" under the "Investor Services".

Kindly consider the environment before you decide to request for the printed copy of the Annual Report.

ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY BERHAD

11. Enquiry

If you have any enquiry prior to the 49th AGM, please contact our Share Registrar, Tricor during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday):

i) Tel No. : +603-2783 9299 (General)
ii) Fax No. : +603-2783 9222
iii) Email : is.enquiry@my.tricorglobal.com
iv) Officers : Ms. Lim Lay Kiow (603-2783 9232/Lay.Kiow.Lim@my.tricorglobal.com)
Puan Zakiah Wardi (603-2783 9287/Zakiah@my.tricorglobal.com)
Mr. Keith Lim (603-2783 9240/Keith.Lim@my.tricorglobal.com)

In view of the COVID-19 pandemic, the Company will observe the guidelines and procedures as may be issued by the Government from time to time which may affect the administration of the 49th AGM.

If there is any material change to the proceedings of the 49th AGM, the Company will issue announcement on the same. Kindly check the Company's website or announcements for the latest updates on the status of the 49th AGM. You may also contact the above Officers for information.

Property

SIME DARBY PROPERTY BERHAD
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