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### **Key Highlights**

- Exceeds sales target for FP2018 with Net Sales Value of RM1.34 billion for the 6 months ended 31 December 2018.
- Positive underlying operational performance although results weighed by impairments and provisions.
- Expects immediate return to profitability as early as Q1 2019.
- Demand for landed products remain strong with good take up rates.
- Unbilled sales remain resilient at over RM2 billion.
- Focus on strategic partnerships to develop industrial and logistic properties.

### **Sime Darby Property Meets Sales Target Amid Weaker FP2018**

*Impairments and Provisions Impact Financial Results*

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**Ara Damansara, 27 February 2019** – Sime Darby Property Berhad has achieved its targeted sales for the six-month financial period ended 31 December 2018 (FP2018), reporting sales of RM1.34 billion, one third higher than its initial target of RM1 billion.

The Group has set a RM2.3 billion sales target for the new financial year ending 31 December 2019. Its financial year-end has been changed to 31 December from 30 June previously.

The Group reported a 7.9 per cent rise in revenue to RM1.27 billion for FP2018 mainly due to the improved performance of its property development and concession arrangement segments. However, net earnings showed a loss of RM318.7 million, as a result of the current period's impairments, negative contribution from Battersea and higher tax provisions.

“Having addressed our legacy assets and products, we expect an immediate return to profitability as operationally our performance has been positive. Our launches during the period were well received and we expect this to continue into the first half of 2019,” said Chairman Tan Sri Dr. Zeti Akhtar Aziz.



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Demand for landed products in Serenia City, Selangor continues to be strong with 99 per cent of Serenia Adiva sold in October. In July, buyers snapped up 81 per cent of Ayra, which are double-storey landed homes, in Bandar Bukit Raja, Klang.

“The prolonged softness of the property market remains a major challenge but we are hopeful of a silver lining with concerted effort from the public and private sectors. We will also continuously review plans for the year to ensure that our pricing strategy and future launches are responsive to market demand,” Group Managing Director Amrin Awaluddin said.

	YOY	2QFP2018	YOY	FP2018
	%	RM'mn	%	RM'mn
Revenue	<b>12.1</b>	<b>788.8</b>	<b>7.9</b>	<b>1,269.1</b>
Operating Profit (before write-offs and impairments)	<b>40.8</b>	<b>215.9</b>	<b>49.9</b>	<b>258.1</b>
Operating Profit	<b>(113.9)</b>	<b>(21.3)</b>	<b>(87.5)</b>	<b>21.4</b>
PBT	<b>(149.7)</b>	<b>(91.1)</b>	<b>(106.2)</b>	<b>(38.1)</b>
PATAMI	<b>(351.7)</b>	<b>(347.5)</b>	<b>(156.9)</b>	<b>(318.7)</b>

- For the second quarter ended 31 December 2018, the Group launched a total of 801 units with a combined gross development value of RM675.5 million, mainly in Bandar Bukit Raja, Serenia City, Nilai Impian and Elmina West.
- The Group achieved a Net Sales Value of RM1.34 billion, a 33 per cent increase YoY, of which 60 per cent of the total sales were generated from the City of Elmina and Bandar Bukit Raja.
- Total unbilled sales was RM2.2 billion
- One off items include impairment of aged inventories and receivables of RM110.8 million and RM26.0 million respectively, write offs of capitalized development expenditure of RM99.8 million for deferred projects and additional tax provisions of RM177.5 million.



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### ***FP2018 review***

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The Property Development segment posted a 9.4 per cent higher revenue for the period under review but results were affected by the impairment of aged inventories and write-off of capitalized development expenditure on deferred projects of RM110.8 million and RM99.8 million, respectively. The results also included the impairment of long outstanding receivables of RM26.0 million.

The segment also booked in a loss for the Battersea project compared with a profit previously. Results for the segment was partly mitigated by the profit from the sale of land in Bandar Bukit Raja of RM122.7 million to Sime Darby MIT Development Sdn Bhd. The land sale marks the commencement of development for a managed industrial park.

The property investment segment registered profit of RM11.5 million compared with a loss of RM5.6 million in the previous corresponding period. This was mainly due to the commencement of a tenancy of an investment property and the gains on disposal of investment properties in the United Kingdom for RM5.6 million.

The segment also benefited from lower losses of RM1.1 million as against RM7.9 million previously for Sime Darby CapitaLand (Melawati Mall) Sdn Bhd, owner of the Melawati Mall. Its occupancy rate has improved to 85 per cent from 70 per cent in December 2017.

The Leisure and Hospitality segment narrowed its losses to RM11.9 million from RM14.6 million in the previous year, which is mainly attributed to a gain on disposal from Darby Park Serviced Residence, Margaret River in Australia of RM3.2 million.

The concession arrangement segment reported a higher profit of RM11.2 million, surging more than 300 per cent due to the supply of teaching equipment and better contribution from facility and asset management services.

### ***Outlook for Financial Year Ending 31 December 2019 (FY2019)***

The Group expects to achieve satisfactory results for FY2019, taking into account the sluggish property market. Apart from the continuing efforts to reduce inventories, it will continue to launch properties within the affordable to medium price range of RM500,000 to RM800,000 and has targeted unbilled sales of RM2.0 billion for the year.



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"The broader economy has proven to be resilient by growing 4.7 per cent last year and expectations of further steady growth in 2019 will have a positive impact on consumer sentiment, notwithstanding the continuing adjustment in the property market. In addition to our bread and butter activities, we are continuing with the disposal of non-core assets to put our capital to better use," Amrin said.

In early 2019, the Group completed the disposal of Darby Park Executive Suites, one of its hospitality assets in Singapore.

The Group will actively look into more strategic partnerships as part of plans to further develop industrial and logistic properties which will serve as catalytic development for its townships, diversification beyond traditional products and increasing its recurrent income in the longer term. It is currently partnering Japan's Mitsui & Co and Mitsubishi Estate Co. Ltd to develop a managed industrial park in Bandar Bukit Raja.

The Group is also expected to commence operations of a new mall, namely Galleria, KL East in the fourth quarter of the year. This will add to the existing investment portfolio which will support the growth of recurring income.

**\*\*\*ENDS\*\*\***

### About Sime Darby Property Berhad

Sime Darby Property is Malaysia's largest property developer in terms of land bank with 20,418 acres of remaining developable land. On the back of a successful 45-year track record of developing sustainable communities, Sime Darby Property has to date built 23 active townships/developments with a global reach that encompasses assets and operations across the Asia Pacific region and the United Kingdom. In the UK, as part of a Malaysian consortium, Sime Darby Property is the developer of the iconic Battersea Power Station project in central London.

Sime Darby Property is a multiple award-winning property group with numerous local and international accolades. It is the first Malaysian property developer to be awarded the International FIABCI Prix d'Excellence Awards twice for its Subang Jaya and UEP Subang Jaya townships. The company bagged its 9th consecutive Gold at the Putra Brand Awards 2018 and its 6th consecutive Top 10 Developers Awards at the BCI Asia 2015. Sime Darby Property has also been recognised as among the top developers in Malaysia in the annual The Edge Top Property Developers Awards, a recognition which the company consistently receives since 2009.

The company has a market capitalisation of RM7.96 billion as at 27 February 2019.

For more information, log on to [www.simedarbyproperty.com](http://www.simedarbyproperty.com)

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