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Property

SIME DARBY PROPERTY BERHAD

(Company No. 15631-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED
NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled as Special Business at the Forty-Sixth Annual General Meeting ("AGM") of the Company. The notice of the Forty-Sixth AGM of the Company, which will be held at Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 2 May 2019 at 10.00 a.m. together with the Form of Proxy, are set out in the Annual Report of the Company which is despatched together with this Circular.

In the event you wish to appoint a proxy, please complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. The completed Form of Proxy must be deposited at the office of the Share Registrar, 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 the AGM or no later than 30 April 2019 at 10.00 a.m. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 30 April 2019 at 10.00 a.m.
Date and time of AGM : Thursday, 2 May 2019 at 10.00 a.m.
or any adjournment thereof

This Circular is dated 3 April 2019

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	An annual general meeting of Sime Darby Property
ARB	:	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera
Board	:	The Board of Directors of Sime Darby Property for the time being
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Circular	:	This circular dated 3 April 2019
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Director(s)	:	(a) A director of Sime Darby Property, its subsidiary or holding company, and shall have the meaning given in Section 2(1) of the CMSA; and (b) Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director as referred to in paragraph (a) above or chief executive officer of Sime Darby Property, its subsidiary companies and/or holding company
EPF	:	Employees Provident Fund Board (established under the Employees Provident Fund Act 1991)
AC	:	Audit Committee of Sime Darby Property
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendments, modifications and additions that may be made from time to time and any Practice Notes issued in relation thereto
LPD	:	5 March 2019, being the latest practicable date prior to the printing of this Circular
Major Shareholders	:	(a) A person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares, is: (i) ten percent (10%) or more of the total number of voting shares in our Company; or (ii) five percent (5%) or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company

- (b) The term “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act. “Major Shareholder” includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder, or a major shareholder of Sime Darby Property’s subsidiary or holding company

Person(s) Connected : In relation to a Director or Major Shareholder, means such person who falls under any one of the following categories:

- (a) a family member of the Director or Major Shareholder;
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director or Major Shareholder, or a family member of the Director or Major Shareholder, is the sole beneficiary;
- (c) a partner of the Director or Major Shareholder;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the Director or Major Shareholder, or Persons Connected with the Director or Major Shareholder are entitled to exercise, or control the exercise of, not less than twenty percent (20%) of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the Major Shareholder

PNB : Permodalan Nasional Berhad (Company No. 38218-X)

Proposed Shareholders’ Mandate : Proposed renewal of shareholders’ mandate for existing recurrent related party transactions and proposed new shareholders’ mandate for Sime Darby Property Group to enter into additional Recurrent Related Party Transactions of a revenue or trading nature, collectively which are necessary for the Sime Darby Property Group’s day-to-day operations and are in the ordinary course of business of the Sime Darby Property Group.

Recurrent Related Party Transaction(s) : Related Party Transaction(s) involving recurrent transaction(s) of a revenue or trading nature that is/are necessary for the day-to-day operations and is/are in the ordinary course of business of the Group

Related Party(ies) : Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)

Related Party Transaction(s) : Transaction(s) entered into by Sime Darby Property Group which involve(s) the interest, direct or indirect, of the Related Party(ies)

RM and sen	:	Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia
Sime Darby Property or the Company	:	Sime Darby Property Berhad
Sime Darby Property Group or the Group	:	Sime Darby Property and its subsidiaries, collectively
SDB Group	:	Sime Darby Berhad (Company No. 752404-U) and its subsidiaries, collectively
SD Plantation Group	:	Sime Darby Plantation Berhad (Company No. 647766-V) and its subsidiaries, collectively

All references to “you” in this Circular are to the shareholders of our Company. All references to “our Company” or “Sime Darby Property” in this Circular are to Sime Darby Property Berhad, and references to “our Group” or “Sime Darby Property Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company and, where the context otherwise requires, our subsidiaries.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations.

Any discrepancies in the table included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day and date in this Circular is a reference to Malaysian time and date, respectively.

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SIME DARBY PROPERTY BERHAD

(Company No. 15631-P)
(Incorporated in Malaysia)

Registered Office

Level 10, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan

3 April 2019

Board of Directors

Tan Sri Dr. Zeti Akhtar Aziz (*Non-Independent Non-Executive Chairman*)
Dato' Sri Amrin Awaluddin (*Group Managing Director*)
Datuk Tong Poh Keow (*Executive Director / Group Chief Financial Officer*)
Dato' Jaganath Derek Steven Sabapathy (*Senior Independent Non-Executive Director*)
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj (*Independent Non-Executive Director*)
Dato' Johan Ariffin (*Independent Non-Executive Director*)
Datuk Dr. Mohd Daud Bakar (*Non-Independent Non-Executive Director*)
Dato' Seri Ahmad Johan Mohammad Raslan (*Independent Non-Executive Director*)
Datin Norazah Mohamed Razali (*Independent Non-Executive Director*)
Encik Rizal Rickman Ramli (*Non-Independent Non-Executive Director*)
Datuk Poh Pai Kong (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir / Madam,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

1.1 At the last AGM held on 31 October 2018, we had procured a mandate from our shareholders for us and our subsidiaries to enter into Recurrent Related Party Transactions with the Group's Related Parties as set out in the Circular to Shareholders dated 2 October 2018 ("2018 Shareholders' Mandate"). The 2018 Shareholders' Mandate shall, in accordance with the provisions of the Listing Requirements, lapse at the conclusion of the forthcoming Forty-Sixth AGM of the Company, unless authority for its renewal is obtained from the shareholders.

In addition to the renewal of the 2018 Shareholders' Mandate, we will also seek a new shareholders' mandate for the Sime Darby Property Group to enter into additional Recurrent Related Party Transactions.

- 1.2 Our Board had, on 19 March 2019, announced its intention to seek shareholders' approval for the Proposed Shareholders' Mandate in accordance with paragraph 10.09 of the Listing Requirements at the forthcoming AGM.

The Proposed Shareholders' Mandate, if approved by our shareholders, will take effect from the passing of the relevant ordinary resolution at our Forty-Sixth AGM and is subject to annual renewal.

- 1.3 The purpose of this Circular is to provide you with the relevant details of the Proposed Shareholders' Mandate and to seek your approval for the resolution under the agenda of Special Business to be tabled at our forthcoming Forty-Sixth AGM. The notice of the Forty-Sixth AGM is enclosed together with the abridged version of the Annual Report for the financial period ended 31 December 2018.

An extract of the resolution in respect of the Proposed Shareholders' Mandate is set out in Appendix II of this Circular.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT OUR FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Details

- (i) Paragraph 10.08 of the Listing Requirements stipulates the obligations of a listed issuer to comply in relation to Related Party Transactions. However, pursuant to paragraph 10.09(2) and Practice Note 12 of the Listing Requirements, our Company may seek a mandate from our shareholders for Recurrent Related Party Transactions subject to, *inter alia*, the following:
- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
 - (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold as follows:
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
 - (ii) the percentage ratio of such transactions is equal to 1% or more,whichever is the higher;
 - (c) the Company's circular to shareholder is issued for the shareholders' mandate and shall include the information as set out in Annexure PN12-A of Practice Note 12 of the Listing Requirements;
 - (d) in a meeting to obtain a mandate from the shareholders:
 - (i) a Related Party with any interest, direct or indirect ("Interested Related Party") must not vote on the resolution in respect of the Recurrent Related Party Transaction;

- (ii) an Interested Related Party who is a Director or Major Shareholder, must ensure that the Persons Connected with him/her abstain from voting on the resolution in respect of the Recurrent Related Party Transaction; and
 - (iii) where the Interested Related party is a Person Connected with a Director or Major Shareholder, such person must not vote on the resolution in respect of the Recurrent Related Party Transaction.
- (e) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by Sime Darby Property Group, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholders' mandate pursuant to paragraph 10.09(2) of the Listing Requirements, the provisions of paragraph 10.08 of the Listing Requirements will not apply during the validity period of such shareholders' mandate.

In accordance with paragraph 3.3(a) of Practice Note 12 of the Listing Requirements, our Company may procure a mandate for acquisition or disposal of land or land-based property provided that the transaction is a Recurrent Related Party Transaction and any one of the percentage ratios is not more than 10%. As disclosed under Section 2.4 of this Circular, the estimates of the value of this category of transactions cannot be ascertained given the various types of properties sold by the Group varying from project to project.

- (ii) The Proposed Shareholders' Mandate, if approved at our forthcoming Forty-Sixth AGM, shall take effect immediately upon the passing of the ordinary resolution proposed at our Forty-Sixth AGM and shall continue to be in force until:
 - (a) the conclusion of our next AGM following our forthcoming Forty-Sixth AGM at which time it will lapse, unless the authority is renewed by a resolution passed at the said next AGM; or
 - (b) the expiration of the period within which our next AGM after that date is required to be held pursuant to Sections 340(1) and (2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by a resolution passed by you in a general meeting,
 whichever is the earlier.

Thereafter, your approval will be sought for the subsequent renewals of the Proposed Shareholders' Mandate at each subsequent AGM.

- (iii) Disclosure will be made in the Company's Annual Report in accordance with paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions made pursuant to the Proposed Shareholders' Mandate for the financial period under review, amongst others, based on the following information:
 - (a) the type of the Recurrent Related Party Transactions made; and
 - (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made, and their relationship with the Company.

Notwithstanding the above, the Proposed Shareholders' Mandate sought does not cover any recurrent transaction of a revenue or trading nature involving companies in which EPF has interest in, as the conditions set out in paragraph 10.08(11)(m) of the Listing Requirements are expected to be fulfilled, and therefore, transactions involving companies in which EPF has interest in would not be regarded as Related Party Transactions.

Our Board is seeking your approval for the Proposed Shareholders' Mandate in respect of Recurrent Related Party Transactions to be entered into by Sime Darby Property Group from the date of our forthcoming Forty-Sixth AGM to the next AGM. These Recurrent Related Party Transactions are conducted in the ordinary course of business with the Related Parties and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of our Company.

Details of the Recurrent Related Party Transactions under the Proposed Shareholders' Mandate are set out in Section 2.4 of this Circular.

2.2 Principal activities of Sime Darby Property Group

The principal activities of our Company are investment holding, property development and provision of management services. Our subsidiaries are principally involved in property investment, property development, provision of golfing and sporting services, construction and assets management services under the concession arrangement, hospitality and leisure.

The companies in Sime Darby Property Group to which the Proposed Shareholders' Mandate applies are as follows:

Subsidiaries of Sime Darby Property	Effective Interest of Sime Darby Property	Principal Activities
Sime Darby Brunfield Holding Sdn Bhd ("SDBH")	60%	Property development and investment holding
Sime Darby Property (Lembah Acob) Sdn Bhd ("SDPLA")	100%	Property development
Sime Darby Lukut Development Sdn Bhd ("SDLD")	100%	Property investment
Sime Darby Properties (Sabah) Sdn Bhd ("SDP Sabah")	100%	Property development and investment holding
Sime Darby Properties Realty Sdn Bhd ("SDPR")	100%	Property development and property management
Sime Darby Pagoh Development Sdn Bhd ("SD Pagoh")	100%	Property development and property investment
Sime Darby Landscaping Sdn Bhd ("SDL")	100%	Property investment and property development
Sime Darby Property (Nilai) Sdn Bhd ("SDP Nilai")	100%	Property development, investment and provision of property management services
Sime Darby Ampar Tenang Sdn Bhd ("SDAT")	100%	Property investment
Sime Darby Property (Utara) Sdn Bhd ("SDP Utara")	100%	Property development and property investment

Subsidiaries of Sime Darby Property	Effective Interest of Sime Darby Property	Principal Activities
(Cont'd) <u>Subsidiaries of SDBH</u> Sime Darby Brunfield Damansara Sdn Bhd (" SDBD ") Sime Darby Brunfield Resort Sdn Bhd (" SDBR ")	60% 60%	Property development and property investment Property development

2.3 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (i) Directors and/or Major Shareholders; and
- (ii) Persons Connected with the Directors and/or Major Shareholders.

2.4 Details of Recurrent Related Party Transactions contemplated under the Proposed Shareholders' Mandate

The class and nature of the Recurrent Related Party Transactions of the Group are as follows:

(i) Existing Shareholders' Mandate

Item	Transacting Companies in Sime Darby Property Group	Transacting Related Parties	Nature of Recurrent Related Party Transactions	Interested Major Shareholders/Directors and Persons Connected with them	Existing Mandate		Estimated aggregate value from the forthcoming Forty-Sixth AGM to be held on 2 May 2019 to the next AGM ⁽²⁾ (RM million)
					Estimated aggregate value as disclosed in the Circular to Shareholders dated 2 October 2018 (RM million)	Actual value transacted since last AGM up to the LPD ⁽¹⁾ (RM million)	
1.	SDBD and SDBR	Brunsfeld Engineering Sdn Bhd ("BESB")	Provision of design and build services as well as other service provider components by BESB for the property development projects undertaken by SDBD and SDBR (namely Oasis Corporate Park, Oasis Rio, Oasis AutoNexus, and Senada, ALYA Kuala Lumpur)	Interested Major Shareholder: <ul style="list-style-type: none"> Brunsfeld Metropolitan Sdn Bhd ("BMSB") ⁽³⁾ Interested Directors: <ul style="list-style-type: none"> Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Dr Ir Gan") ⁽⁴⁾ Mohamad Hassan Zakaria ("Encik Mohamad Hassan") ⁽⁵⁾ Gan Tien Chie ("Mr Gan") ⁽⁶⁾ Interested Person Connected: <ul style="list-style-type: none"> Nil 	88.0	31.3	236.0
2.	Sime Darby Property Group	(i) Directors of Sime Darby Property Group and Persons Connected with them ⁽⁷⁾ (ii) Major Shareholders of subsidiaries of Sime Darby Property and Persons Connected with them ⁽⁷⁾ (Collectively referred to as "Directors and Major Shareholders of Sime Darby Property Group and Persons Connected with Them")	Sale of properties in the ordinary course of business by Sime Darby Property Group, the values of which are not more than 10% of any one of the percentage ratios as stipulated in the Listing Requirements	<ul style="list-style-type: none"> Directors of Sime Darby Property Group and Persons Connected with them ⁽⁷⁾ Major Shareholders of subsidiaries of Sime Darby Property and Persons Connected with them ⁽⁷⁾ 	See note (11)	Nil	See note (11)
Total					88.0	31.3	236.0

(ii) New Shareholders' Mandate

Item	Transacting Companies in Sime Darby Property Group	Transacting Related Parties	Nature of Recurrent Related Party Transactions	Interested Major Shareholders/Directors and Persons Connected with them	Estimated aggregate value from the forthcoming Forty-Sixth AGM to be held on 2 May 2019 to the next AGM ⁽²⁾ (RM million)
1.	Sime Darby Property Group	SDB Group	Car leasing charges entered into on an ad hoc basis.	Interested Major Shareholder: <ul style="list-style-type: none"> • ARB ⁽⁸⁾ 	2.0
2.	<ul style="list-style-type: none"> i) Sime Darby Property ii) SDPLA iii) SDLD iv) SDP Sabah v) SDPR vi) SD Pagoh vii) SDL viii) SDP Nilai ix) SDAT x) SDP Utara 	SD Plantation Group	<p>Rental income received on monthly basis from the following:</p> <ul style="list-style-type: none"> i) Leasing of the following agricultural lands for a term of two (2) years with an option to renew for a further term of one (1) year: <ul style="list-style-type: none"> a) Acob Estate located at Mukim Kapar, Klang, Selangor; b) Sua Betong Estate located at Mukim Si Rusa, Port Dickson, Negeri Sembilan; c) Mostyn Estate located at Mukim Kunak, Tawau Sabah; d) Victoria Estate located along Karangan-Padang Serai main road, Padang Serai, Kedah; e) Lanadron Estate located at Mukim Jorak, Muar, Johor; f) Bukit Selarong Estate located at Mukim Padang Meha, Kulim, Kedah; g) Bukit Lagong Estate located at Mukim Rawang, Gombak, Selangor; h) New Labu Estate located at Mukim Labu, Nilai, Negeri Sembilan; and i) Jerai Estate located at Mukim Bandar Gurun, Kuala Muda, Kedah. ii) Leasing of the following agricultural lands for a term of two (2) years: <ul style="list-style-type: none"> a) Ampar Tenang Estate located at Mukim of Dengkil, Selangor; and b) Kota Elmina located at Mukim Rawang, Gombak, Selangor. 	<p>Interested Directors:</p> <ul style="list-style-type: none"> • Tan Sri Dr. Zeti Akhtar Aziz ⁽⁹⁾ • Datuk Dr. Mohd Daud Bakar ⁽⁹⁾ • Rizal Rickman Ramli ⁽⁹⁾ <p>Interested Person Connected:</p> <ul style="list-style-type: none"> • PNB ⁽¹⁰⁾ 	6.7

Item	Transacting Companies in Sime Darby Property Group	Transacting Related Parties	Nature of Recurrent Related Party Transactions	Interested Major Shareholders/Directors and Persons Connected with them	Estimated aggregate value from the forthcoming Forty-Sixth AGM to be held on 2 May 2019 to the next AGM ⁽²⁾ (RM million)
			(Cont'd) iii) Leasing of Malaysia Vision Valley Land 2 of Labu and New Labu Estates located at Mukim Labu, Seremban, Negeri Sembilan, for a term of three (3) years.		(Cont'd)
				Total	8.7

Notes:

- (1) *The aggregate actual values represent Recurrent Related Party Transactions transacted from 31 October 2018, on which the Existing Shareholders' Mandate was granted, up to the LPD. The aggregate actual values transacted do not exceed the estimated aggregate values by 10% or more.*
- (2) *The estimated aggregate value of the transaction from 2 May 2019 up to next AGM which is expected to be held by the month of May 2020. The estimated aggregate value for the Proposed Shareholders' Mandate is based on the management forecast of transaction value that has been anticipated. Accordingly, the actual transacted value may vary and is subject to change.*
- (3) *BMSB is a Major Shareholder of SDBH with 40% direct shareholding in SDBH. SDBH in turn is the holding company of SDBD and SDBR. Tan Sri Dato' Dr Ir Gan and Encik Mohamad Hassan are indirect Major Shareholders of SDBH by virtue of their respective shareholdings in BMSB pursuant to Section 8 of the Act. Tan Sri Dato' Dr Ir Gan and Encik Mohamad Hassan also have indirect shareholdings of more than 10% in BESB.*
- (4) *Tan Sri Dato' Dr Ir Gan is a Director of SDBH, which in turn is the holding company of SDBD and SDBR. Tan Sri Dato' Dr Ir Gan is also an indirect Major Shareholder of SDBH by virtue of his shareholding in BMSB pursuant to Section 8 of the Act. Tan Sri Dato' Dr Ir Gan also has an indirect shareholding of more than 10% in BESB.*
- (5) *Encik Mohamad Hassan is an alternate director to Tan Sri Dato' Dr Ir Gan on the board of directors of SDBH, which in turn is the holding company of SDBD and SDBR. Encik Mohamad Hassan is also an indirect Major Shareholder of SDBH by virtue of his shareholding in BMSB pursuant to Section 8 of the Act. Encik Mohamad Hassan also has an indirect shareholding of more than 10% in BESB.*
- (6) *Mr Gan is a Director of SDBH, SDBD and SDBR. Mr Gan, being the brother of Tan Sri Dato' Dr Ir Gan, is a Person Connected with Tan Sri Dato' Dr Ir Gan. Tan Sri Dato' Dr Ir Gan has an indirect shareholding of more than 10% in BESB.*
- (7) *The Directors and Major Shareholders of Sime Darby Property Group and Persons Connected with Them (as defined in item 2, Section 2.4 (i) above), who will be purchasing properties from Sime Darby Property Group could not be ascertained as at the date of this Circular.*
- (8) *ARB is a Major Shareholder of Sime Darby Property, holding 43.87% direct equity interest in Sime Darby Property as at the LPD. ARB is also a major shareholder of SDB and SD Plantation, holding 42.58% and 43.66% direct equity interest, respectively, in SDB and SD Plantation as at the LPD.*
- (9) *Tan Sri Dr. Zeti Akhtar Aziz, Datuk Dr. Mohd Daud Bakar and Encik Rizal Rickman Ramli are the representatives of PNB on the Board of Sime Darby Property.*
- (10) *PNB is a substantial shareholder of Sime Darby Property, holding 5.22% direct equity interest in Sime Darby Property as at the LPD and is also a person connected with ARB. ARB is the Trustee of Amanah Saham Bumiputera, a fund managed by Amanah Saham Nasional Berhad, a subsidiary of PNB.*
- (11) *The estimated aggregate value of this category of transaction cannot be ascertained given the various types of properties sold by our Group with prices varying from project to project. However, in accordance with paragraph 3.3(a) of Practice Note 12 of the Listing Requirements, the value of the transaction shall not exceed 10% of any one of the percentage ratios.*

2.5 Amount Due and Owing to Sime Darby Property Group by Related Parties

As at the six (6) months financial period ended 31 December 2018, there were no amounts due and owing to the Sime Darby Property Group by its Related Parties pursuant to the Recurrent Related Party Transactions which have exceeded the applicable credit terms. Hence, there were no late payment charges imposed on the Related Parties.

2.6 Review of procedures on Recurrent Related Party Transactions

The Group has established guidelines and procedures to ensure that Recurrent Related Party Transactions will be undertaken at arm's length and on normal commercial terms, which are consistent with the Group's normal business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders, as follows:

- (i) A list of Related Parties will be circulated and updated on a quarterly basis to ensure that all Recurrent Related Party Transactions are undertaken on an arm's length basis and on normal commercial terms and, on terms not more favourable to the Related Parties than those generally available to the public. The transaction must be in the best interest of the Sime Darby Property Group and not detrimental to the minority shareholders of Sime Darby Property;
- (ii) Records will be maintained to capture all Recurrent Related Party Transactions which are entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iii) Directors and key management personnel need to declare the nature and extent of their interests and the interests of Persons Connected with them in any Recurrent Related Party Transactions which are put up to the Board for approval;
- (iv) Any Director or key management personnel who has an interest, whether direct or indirect, in any Recurrent Related Party Transactions must abstain from deliberations and voting on the relevant resolution at the Board/tender meeting and ensure that Persons Connected with him/her also abstain from voting at the relevant meeting;
- (v) Where shareholders' approval is required, a Related Party with any direct or indirect interest must not vote on the resolution in respect of the Recurrent Related Party Transactions at the shareholders' meeting. He/She must also ensure that Persons Connected with him/her also abstain from voting on the resolution at the shareholders' meeting;
- (vi) All business units shall regularly review their existing documentation, procedures and information systems to ensure that features are incorporated into the documentation, procedures and systems for capturing information on Related Party Transaction at source;
- (vii) Disclosure will be made in the annual report of the Company of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial period, in accordance with the provisions of paragraph 10.09 of Chapter 10 and paragraph 3.1.5 of Practice Note 12 of the Listing Requirements;
- (viii) The AC has reviewed and shall continue to review the adequacy and appropriateness of the procedures as and when required with the authority to sub-delegate such function to individuals or committees within the Company as they may deem appropriate; and

- (ix) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the transaction price will be in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the Related Parties than those generally available to the public and are not detrimental to the Sime Darby Property Group or its minority shareholders.

There are no specific thresholds for approval of Recurrent Related Party Transactions within the Group.

All construction and service provider contracts to be awarded by SDBH shall be based on the method which is most beneficial to SDBH and its subsidiaries and in compliance with Sime Darby Property's tender policies and procedures.

For all contracts, tenders submitted are assessed and evaluated by an independent check consultant. The tendered rates are evaluated against current market rates to ensure that the rates are reasonable and comparable. SDBH will continue to assess and evaluate the tender rates to determine whether the prices and terms offered by the Related Parties are fair and reasonable and comparable to the market rates for the same or substantially similar types of products and/or quantities and to ensure that the Recurrent Related Party Transaction is not detrimental to the Sime Darby Property Group.

The following guidelines will apply for the tender policies and procedures in SDBH and its subsidiaries:

- (i) Scope of Procurement

The tenders will be evaluated by the procurement department of the SDBH.

- (ii) Tendering Strategy

All tenders shall be through:

- (a) Selective tendering – Standard model for all contracts in the annual budget with the normal process of design development, plan approval and tender.
- (b) Direct negotiated tenders (single sourcing) – For selected products or work that meet or exceed the desired quality and cost e.g. supplier management products.
- (c) Design & build tenders – For specialised projects. Capable contractors take the lead in design management and construction. Cost is capped within the approved budget. Contractors are to reduce cost and add value.
- (d) Open tenders – Special work that requires contractors beyond the current master list of contractors.

(iii) List of Tenderers

The tenderers shall be selected based on their category, listing status, specialisation and grading i.e. limit of work in hand as indicated below:

Grade	Limit of Work in Hand
Super A2	More than RM150 million
Super A1	Up to RM150 million
A	Up to RM100 million
B	Up to RM20 million
C	Up to RM5 million

Should a proposed tenderer be selected despite exceeding the above limit, justification shall be made to the respective approval authority for such a selection.

(iv) Authority Limits for Award of Contract

Approving Authority	Value of Contract (RM)
Sime Darby Property Board	> 300 million
Sime Darby Property Board Tender Committee	> 50 million – 300 million
SDBH Board of Directors	> 5 million – 50 million
SDBH Tender Committee	> 0.5 million – 5 million
SDBH Operations Tender Committee	> 0.2 million – 0.5 million
General Manager of SDBH	≤ 0.2 million

A newly prequalified contractor (first timer) shall not be awarded a second contract until 30% satisfactory completion of the first contract or when the tender committee is satisfied that the second contract recommended by the Company has met all the criteria and assurances for quality delivery, financial capability and that the said newly prequalified contractor has the resources to undertake the second contract while at the same time maintaining the momentum of the first contract.

2.7 Statement by the Audit Committee

The AC has seen and reviewed the guidelines and procedures in Section 2.6 above and is satisfied that the guidelines and procedures established for Recurrent Related Party Transactions are sufficient to ensure that such transactions will be carried out in a fair and reasonable manner and on normal commercial terms and are in the best interest of Sime Darby Property Group; and the terms of the Recurrent Related Party Transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Sime Darby Property.

The AC is of the view that the Group has put in place adequate procedures and processes to identify, monitor and track Recurrent Related Party Transactions in a timely and orderly manner, and will at its discretion, amend the guideline and procedures which are no longer appropriate or adequate, to ensure that the Recurrent Related Party Transactions are, at all times, carried out on terms consistent with the Group's practices and are not to the detriment of our minority shareholders. Such procedures and processes are reviewed as and when necessary.

2.8 Rationale and Benefits of the Proposed Shareholders' Mandate

The rationale and benefits of the Proposed Shareholders' Mandate are as follows:

- (i) To facilitate transactions with Related Parties which are in the ordinary course of business of the Group, undertaken on arms' length basis, are fair and reasonable and on normal commercial terms and, on terms which are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the interests of our minority shareholders.
- (ii) To meet the business needs of the Group on the best possible terms as well as to explore beneficial business opportunities within the Group and with its joint-venture partners.
- (iii) To eliminate the need to make announcements to Bursa Securities and to convene separate general meetings from time to time to seek your approval as and when Recurrent Related Party Transactions with the specified classes of Related Parties arise. This will substantially reduce administrative time and expenses associated with the making of announcements and/or the convening of such general meetings on an ad-hoc basis, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

2.9 Effects of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will not have any effect on the share capital, substantial shareholders' shareholdings, net assets per share, gearing, or earnings per share of Sime Darby Property for the financial year ending 31 December 2019.

2.10 Interests of Directors, Major Shareholders and Persons Connected with Them

(i) Recurrent Related Party Transactions between SDBD and SDBR with BESB

None of the Directors, Major Shareholders of the Company and/or Persons Connected with them, has any interest, direct or indirect, in the Recurrent Related Party Transactions as stated in item 1, Section 2.4 (i) of this Circular.

However, Tan Sri Dato' Dr Ir Gan, Encik Mohamad Hassan, Mr Gan and BMSB being Directors and Major Shareholders of SDBH respectively, which in turn is the holding company of SDBD and SDBR, are interested in such Recurrent Related Party Transactions between SDBD and SDBR with BESB.

Accordingly, Tan Sri Dato' Dr Ir Gan, Encik Mohamad Hassan, Mr Gan and BMSB have undertaken that they will abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct or indirect shareholdings in Sime Darby Property, if any.

They have also undertaken to ensure that Persons Connected with them will abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct and indirect shareholdings in Sime Darby Property, if any.

(ii) Recurrent Related Party Transactions between Sime Darby Property Group with Directors and Major Shareholders of Sime Darby Property Group and Persons Connected with Them (as defined in item 2, Section 2.4 (i) of this Circular)

None of the Major Shareholders of the Company and/or Persons Connected with them, has any interest, direct or indirect, in the Recurrent Related Party Transactions as stated in item 2, Section 2.4 (i) of this Circular.

However, all the Directors of the Company are interested in such Recurrent Related Party Transactions, as the transacting Related Parties cannot be ascertained as at the date of this Circular.

Accordingly, all Directors of the Company have and will continue to abstain from all Board deliberations and voting in relation to the said Recurrent Related Party Transactions. All Directors of the Company will also abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct or indirect shareholdings in Sime Darby Property, if any.

They have also undertaken to ensure that Persons Connected with them will abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct and indirect shareholdings in Sime Darby Property, if any.

(iii) Recurrent Related Party Transactions between Sime Darby Property Group with SDB Group and SD Plantation Group

Save as disclosed in Section 2.4 (ii) of this Circular, none of the other Directors, Major Shareholders of the Company and/or Persons Connected with them, has any interest, direct or indirect, in the Recurrent Related Party Transactions as stated in items 1 and 2, Section 2.4 (ii) of this Circular.

Tan Sri Dr. Zeti Akhtar Aziz, Datuk Dr. Mohd Daud Bakar and Encik Rizal Rickman Ramli, being the interested Directors, have and will continue to abstain from all Board deliberations and voting in relation to the said Recurrent Related Party Transactions. They will also abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct or indirect shareholdings in Sime Darby Property, if any.

ARB and PNB, being the interested Major Shareholder of the Company and interested Person Connected with Major Shareholder in the said Recurrent Related Party Transactions respectively, will abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct or indirect shareholdings in Sime Darby Property.

The interested Directors and interested Major Shareholder have also undertaken to ensure that Persons Connected with them will abstain from voting at the forthcoming Forty-Sixth AGM of Sime Darby Property on the ordinary resolution pertaining to the Proposed Shareholders' Mandate in respect of their direct and indirect shareholdings in Sime Darby Property, if any.

As at the LPD, the direct and indirect shareholdings of the Company's interested Directors, Major Shareholders and Persons Connected with them in Sime Darby Property are as follows:

	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Interested Directors				
Tan Sri Dr. Zeti Akhtar Aziz	-	-	-	-
Dato' Sri Amrin Awaluddin	-	-	-	-
Datuk Tong Poh Keow	32,000	*	-	-
Dato' Jaganath Derek Steven Sabapathy	-	-	-	-
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	-	-	-	-
Dato' Johan Ariffin	-	-	880 ⁽¹⁾	*
Datuk Dr. Mohd Daud Bakar	-	-	-	-
Dato' Seri Ahmad Johan Mohammad Raslan	-	-	-	-
Datin Norazah Mohamed Razali	-	-	-	-
Encik Rizal Rickman Ramli	-	-	-	-
Datuk Poh Pai Kong	-	-	-	-
Interested Major Shareholders				
ARB	2,983,811,600	43.87%	-	-
Interested Persons Connected				
PNB	355,183,892	5.22%	-	-

Notes:

* Negligible

⁽¹⁾ Deemed interested by virtue of the shares in Sime Darby Property held by his spouse pursuant to Section 59(11) of the Act.

3. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to approval being obtained from you at the forthcoming Forty-Sixth AGM.

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4. DIRECTORS' OPINION AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Recurrent Related Party Transactions as stated in item 1, Section 2.4 (i) of this Circular are in the best interest of the Company and its shareholders and not to the detriment of the minority shareholders of the Company.

Further, our Board (save for Tan Sri Dr. Zeti Akhtar Aziz, Datuk Dr. Mohd Daud Bakar and Encik Rizal Rickman Ramli, being the interested Directors who have abstained from expressing an opinion) having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Recurrent Related Party Transactions as stated in items 1 and 2, Section 2.4 (ii) of this Circular are in the best interest of the Company and its shareholders and not to the detriment of the minority shareholders of the Company.

However, as all the Directors of the Company are interested in the Recurrent Related Party Transactions as stated in item 2, Section 2.4 (i) of this Circular, our Board has abstained from forming an opinion regarding such Recurrent Related Party Transactions as stated therein.

As all the Directors of the Company are interested in the Recurrent Related Party Transactions as stated in item 2, Section 2.4 (i) of this Circular, our Board has also abstained from making any recommendation as to the voting on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming Forty-Sixth AGM of Sime Darby Property.

5. AGM

The Forty-Sixth AGM of our Company, the Notice of which is enclosed in the abridged version of the Annual Report for the financial period ended 31 December 2018, will be held at Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 2 May 2019 at 10.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing, *inter alia*, the ordinary resolution on the Proposed Shareholders' Mandate, as Special Business.

If you are unable to attend and vote in person at the Forty-Sixth AGM and wish to appoint a person to attend and vote in your stead, you are requested to complete, sign and return the original Form of Proxy, which is enclosed in the abridged version of the Annual Report for the financial period ended 31 December 2018, in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, 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 forty-eight (48) hours before the time for holding the AGM or no later than 30 April 2019 at 10.00 a.m. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

6. FURTHER INFORMATION

You are requested to refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of the Board of
SIME DARBY PROPERTY BERHAD

DATO' JAGANATH DEREK STEVEN SABAPATHY
Senior Independent Non-Executive Director

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Sime Darby Property and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all the reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by Sime Darby Property and its subsidiaries within the two (2) years immediately preceding the LPD of this Circular:

(i) Land Option Agreements

Sime Darby Property had, on 25 August 2017, entered into 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 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 Securities ("Listing Date") and ending on the date falling 5 years from the Listing Date with an option to extend for another 3 years (to be mutually agreed by Sime Darby Property and SD Plantation) at a purchase price to be determined based on 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 rule of a stock exchange:

- (a) 1,862 acres of land located within Kulai A estate in Johor;
 - (b) 3,186 acres of land located within Kulai B estate in Johor;
 - (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;
 - (f) 485 acres of land located within Lothian (Sepang) estate in Selangor;
 - (g) 864 acres of land located within Byram estate in Pulau Pinang;
 - (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,
- (collectively, the "Option Lands").

The agreed independent valuer shall value the Option Lands based on agricultural status with development potential using the methodology as it may determine. The options are granted for a nominal consideration of RM10 each.

The parties further agreed that, following the acquisition of the Option Lands, 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.

(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 MVV 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, totaling 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 5 years from the Listing Date with an option to extend for another 3 years (to be mutually agreed by Sime Darby Property and KSDB) at a purchase price to be determined based on 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.

(iii) Disposal of Sime Darby Property’s entire 40% equity interest in Seriemas Development Sdn Bhd to PNB Development Sdn Berhad (“PNBD”)

Sime Darby Property had, on 31 July 2017, entered into a share sale agreement with PNBD (a subsidiary of Permodalan Nasional Berhad) for the sale of its entire 40% equity interest in Seriemas Development Sdn Bhd to PNBD for a cash consideration of RM625 million (“SSA”). The SSA was completed on 29 September 2017.

(iv) Loan restructuring agreement

Sime Darby London Limited (“SD London”), Robt. Bradford & Company Ltd (“Robt. Bradford”) and Robt. Bradford Hobbs Savill Ltd (“Robt. Bradford Hobbs Savill”), subsidiaries of Sime Darby Property had, on 25 August 2017, entered into a loan restructuring agreement with Sime Darby Berhad (“SDB”) and 2 of SDB’s subsidiaries, KSDB and Sime Darby Far East (1991) Ltd (“SDFE”), pursuant to which, with effect from 25 August 2017:

- (a) Robt. Bradford was released and discharged from all liabilities, obligations, claims, demands and actions arising in connection with the GBP13,540,324.30 loan repayable by Robt. Bradford to SDFE;
- (b) Robt. Bradford Hobbs Savill was released and discharged from all liabilities, obligations, claims, demands and actions arising in connection with the GBP15,116,583.94 loan repayable by Robt. Bradford Hobbs Savill to SDFE;
- (c) SDFE was released from its guarantee dated 20 October 1982 made in favour of SD London, to guarantee the due repayment by Robt. Bradford and Robt. Bradford Hobbs Savill and certain other companies listed in schedule 1 to a funding and indemnity agreement dated 15 June 1982 (made between SD London, KSDB, Robt. Bradford and Robt. Bradford Hobbs Savill and certain other companies listed in Schedule 1 thereto, Guy Butler (Holdings) Limited and Mills & Allen International plc) (“F&I Agreement”) of all payments and advances made by SD London to these companies on or after 30 June 1982; and

- (d) SD London undertakes to KSDB and SDB to make all payments and advance all amounts which they are required, under the F&I Agreement, to pay or make after 25 August 2017 and agreed to indemnify KSDB and SDB from all liabilities and losses which may be incurred by KSDB and/or SDB as a result of a breach of the SD London's undertaking.

Under the F&I Agreement, SD London together with KSDB/SDB would pay Robt. Bradford and its subsidiaries ("RB Group") any such amount that the RB Group required to settle any claim from their customer or in discharging their liability.

With the loan restructuring agreement, SD London will be solely responsible to make all such payments and advances to the RB Group. The liability would only arise if there is any insurance claim received by Robt. Bradford or any of its subsidiaries in relation to their previous business undertaking.

In addition, SD London would be assuming any claims that are payable by RB Group pursuant to claims they are liable for when the companies were still active prior to ceasing operations in the late 1980s. No contingent liabilities for such claims have been recorded in the accounts of the RB Group on the basis that the companies have ceased trading in the late 1980s and no creditor claims have been made since 2005.

(v) 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 RM20,000,000 to the Foundation for a term of 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 representative to attend all general meetings of the Foundation and to nominate one 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.

The annual cash donation of RM20 million is to be paid by Sime Darby Property to the Foundation in 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.

(vi) Trademark and Brand Licence Agreement

Sime Darby Property had, on 1 November 2017, entered into the Trademark and Brand Licence Agreement (“Trademark and Brand Licence Agreement”) with Sime Darby Malaysia Berhad (“SD Malaysia”), pursuant to which SD Malaysia granted to Sime Darby Property a non-exclusive, non-assignable and non-transferable licence to use:

- (a) the “SIME DARBY” mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, “DEVELOPING SUSTAINABLE FUTURES” tagline and “DELIVERING SUSTAINABLE FUTURES” tagline worldwide; and
- (b) the “DARBY PARK” mark only in those countries it is currently registered,

(collectively, “Trademarks”), solely in the course of or in connection with the business of Sime Darby Property.

Sime Darby Property may grant a sub-licence to its affiliates, subject to the terms and conditions of the Trademark and Brand Licence Agreement.

The Trademark and Brand Licence Agreement is effective as of the Listing Date and shall, unless terminated earlier, continue for a period of 5 years thereafter (“Term”). Upon the expiry of the Term, Sime Darby Property has the option to renew the term of the Trademark and Brand Licence Agreement for a further period as the parties may agree upon giving notice of no later than 6 months prior to the end of the Term, subject to SD Malaysia’s approval and provided that Sime Darby Property is not in breach of any of the provisions of the Trademark and Brand Licence Agreement.

In consideration of the rights and licence granted by SD Malaysia under the Trademark and Brand Licence Agreement, Sime Darby Property shall pay to SD Malaysia an annual non-refundable licence fee of RM2,000,000.00 (“Annual Fee”). The Annual Fee may on the determination of SD Malaysia be reviewed from time to time, whereupon the parties agree to negotiate in good faith the quantum thereof to a mutually agreeable sum.

SD Malaysia may terminate the Trademark and Brand Licence Agreement in the following circumstances:

- (a) material breach of any provision of the Trademark and Brand Licence Agreement by Sime Darby Property and failure on the part of Sime Darby Property or any of its affiliates or sub-licensees to fully cure such breach within 30 days after provision of notice by SD Malaysia of such breach;
- (b) voluntary or compulsory liquidation of Sime Darby Property or the appointment of a receiver of its assets; or
- (c) where there is a change of control of Sime Darby Property from the Listing Date. Such “control” is presumed to exist upon:
 - possession of beneficial ownership or power to directly more than 50% of the voting rights of Sime Darby Property; or
 - power to control the composition of its board.

The parties are entitled to terminate the Trademark and Brand Licence Agreement without cause by serving a 6 months’ notice in writing to the other party only after the expiry of the third anniversary of the Listing Date. In the case of a voluntary or compulsory liquidation of Sime Darby Property and change in controlling interest of Sime Darby Property vested as at the Listing Date, SD Malaysia has the right to terminate the Trademark and Brand Licence Agreement immediately.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, neither the Company nor its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of Sime Darby Property is not aware of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of Sime Darby Property Group:

(i) **Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by Sime Darby Property (Klang) Sdn Bhd (“SD Property (Klang)”)**

On 26 June 2015, SD Property (Klang) was awarded an aggregate compensation of RM169,296,852.60 (“First Compensation Award”) by the land administrator (“Land Administrator”) in respect of the acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway (collectively “Acquiring Authority”) of the lands owned by SD Property (Klang) held under Geran 46056 Lot 5646, Geran 46057 Lot 5648, Geran 24130 Lot 24 (23241), Geran 24132 Lot 25 (23242), Geran 47244 Lot 37 (50418), Geran 33603 Lot 38 (50416) and Geran 278974 Lot 23235, all situated in Mukim Kapar, District of Klang, Selangor (collectively “Lands”) for the construction of the West Coast Expressway project. The First Compensation Award was made up of the aggregate market value of the Lands of RM90,738,180 and the aggregate severance or injurious affection of the Lands of RM78,558,672.60 (“Severance or Injurious Affection Award”).

The Acquiring Authority and SD Property (Klang), respectively lodged their objections to the Severance or Injurious Affection Award to the High Court of Malaya (“High Court”). In respect of the SD Property (Klang)’s objection, the High Court held, on 22 March 2017, among other things, that the reasonable and proper value of the award for severance or injurious affection of the Lands to be given to SD Property (Klang) was RM72,926,705.88 as opposed to the Severance or Injurious Affection Award of RM78,558,672.60 (“First High Court Decision”).

In respect of the Acquiring Authority’s objection, the Acquiring Authority filed a notice of appeal on 20 April 2017 against the First High Court Decision. On 15 August 2017, the Court of Appeal remitted the Acquiring Authority’s appeal to the High Court to be heard before a different High Court Judge (“First Re-Hearing”). On 26 January 2018, the High Court Judge dismissed the Acquiring Authority’s objection and held that the Court was not in a position to re-hear the Acquiring Authority’s objection as the earlier High Court Decision was final (“Second High Court Decision”). On or about 14 February 2018, the Acquiring Authority filed an appeal to the Court of Appeal against the Second High Court Decision and SD Property (Klang) had been named as the 2nd Respondent in the appeal. The appeal was heard on 22 October 2018 and the Court of Appeal remitted the case to the High Court to be re-heard before a new Judge (“Second Re-Hearing”). On 20 December 2018, the new High Court Judge directed SD Property (Klang) to be joined as a party to the Second Re-Hearing on the basis that its interest as the registered proprietor of the Subject Lots may be affected by the outcome of the Second Re-Hearing, notwithstanding that SD Property (Klang)’s earlier application to intervene as a party was withdrawn. This direction of the High Court is presently being appealed against by the Acquiring Authority to the Court of Appeal (“Appeal”). The Second Re-Hearing is now fixed for case management on 8 March 2019.

The Acquiring Authority had also filed an application to stay the proceedings in the Second Re-Hearing pending the disposal of the Appeal, which application is now fixed for case management on 5 April 2019.

The solicitors of SD Property (Klang) are of the view that there is an even chance that the new High Court Judge in the Second Re-Hearing may arrive at a similar decision as the First High Court Decision, namely to award SD Property (Klang) for severance or injurious affection of the Lands in the region of approximately RM70,000,000.00.

(ii) Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by SD Property (Klang)

On 7 March 2016, SD Property (Klang) was awarded an aggregate compensation of RM47,519,953.80 (“Second Compensation Award”) by the Land Administrator in respect of the acquisition by the Lembaga Lebuhraya Malaysia/West Coast Expressway (collectively, “Acquiring Authority”) of the land owned by SD Property (Klang) held under Geran 46057 Lot 5647 situated in Mukim Kapar, District of Klang, Selangor (“Land”) for the construction of the West Coast Expressway project. The Second Compensation Award was made up of the market value of the Land of RM20,811,043 and the severance or injurious affection of the Land of RM26,708,910.80 (“Severance or Injurious Affection Award”).

SD Property (Klang) and the Acquiring Authority lodged their objections to the High Court against the Severance or Injurious Affection Award and the Second Compensation Award respectively. On 8 February 2018, the High Court held that given there was no severance on the Land as the damage to the Land was minimal, the Injurious Affection suffered was only nominal as SD Property (Klang) had only suffered a loss of frontage to the main road. The High Court therefore reduced the Severance or Injurious Affection Award from RM26,708,910.80 to RM1,683,447.13 (“High Court Decision”).

After having reviewed the written grounds of the High Court Decision, the solicitors of SD Property (Klang) are of the view that there does not appear to be sufficient grounds for SD Property (Klang) to successfully appeal against the High Court Decision, as there does not appear to be any novel point of law to be determined by the Court of Appeal and SD Property (Klang) may be precluded from doing so, as section 49 of the Land Acquisition Act provides that there shall be no appeal against a decision which comprises an award of compensation. In the circumstances, no appeal was filed and as the time limit to file an appeal has long expired, the High Court Decision is final and conclusive in respect of the outcome of the above matter. An amount of RM13,145,475.22, (without taking into account the 25% of the Second Compensation Award which is withheld by the Land Administrator in view of the said objections) which the High Court had found to be the excess of the Severance or Injurious Affection Award (“Excess”) would have to be refunded to the Land Administrator by SD Property (Klang), when it is served with the sealed Order of the High Court (“Order”).

As at the LPD of this Circular, the solicitors of SD Property (Klang) have yet to receive the draft Order for approval from the State Legal Advisor’s Chambers of Selangor, who is representing the Land Administrator.

SD Property (Klang) had, on 21 December 2018 and 18 February 2019, been requested by the Land Administrator to refund the Excess pursuant to the Court Order under land reference No. BA-15-201-10/2016 between the Acquiring Authority and the Land Administrator (“Request”). SD Property (Klang) had, on 17 January 2019 and 5 March 2019, responded to the Land Administrator opposing the Request as SD Property (Klang) is not a party to the said land reference.

(iii) Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by SD Property (Klang)

SD Property (Klang) lodged an objection to the High Court in respect of the adequacy of the compensation for severance or injurious affection of the land of RM752,637.60 awarded by the Land Administrator (“Severance or Injurious Affection Award”) as a result of the partial acquisition of SD Property (Klang)’s land held under Lot PT55959, HSD 120055, Mukim Kapar, Daerah Klang, Negeri Selangor by the Lembaga Lebuhraya Malaysia/West Coast Expressway (collectively, “Acquiring Authority”) for the construction of the West Coast Expressway project.

SD Property (Klang)’s claim in respect of the compensation for severance or injurious affection was RM16,010,100.00.

At the hearing on 8 February 2018, the High Court made the following orders:

- a) an increase of approximately RM11,767,536.60 from the Severance or Injurious Affection Award; and
 - b) interest to be paid to SD Property (Klang),
- ("Order").

The sealed Order was served on the Land Administrator on 25 May 2018. Several demands have been issued to-date, but payment has yet to be effected by the Land Administrator.

The solicitors for SD Property (Klang) are of the view that although legally, SD Property (Klang) is entitled to the payment, when actual recovery will take place is difficult to predict. Their advice is for SD Property (Klang) to follow up with reminders periodically and if there appears to be a persistent neglect by the Land Administrator to pay the sum ordered, an application for a Certificate under Section 33 of the Government Proceedings Act ("Application") will be undertaken since SD Property (Klang) would have to demonstrate that there has been a refusal and/or failure by the Land Administrator/Acquiring Authority to make the requisite payment, by way of a production of reminders and/or demands to support the Application (which will be made within the limitation period of 3 years from the date of the Order).

(iv) Compulsory Land Acquisition by Badan Kawalselia Air Johor of the lands owned by SD Pagoh

SD Pagoh lodged an objection to the High Court in respect of the adequacy of the total compensation of RM4,906,469.04 awarded by the Land Administrator ("Land Administrator's Award") as a result of the acquisition of SD Pagoh's land held under Lot PTD 14410, HSD 36655, Mukim Jorak, Daerah Muar, Negeri Johor by Badan Kawalselia Air Johor ("BAKAJ") for the Project –Tapak Sistem Bekalan Air, Mukim Jorak, Muar.

SD Pagoh's claim for compensation for the market value of the land, Injurious Affection and claims for earthwork and clearance work on the site, was a total sum of RM20,470,221.00. SD Pagoh is seeking an additional compensation of RM15,563,752.00.

At the hearing of the Land Reference on 28 May 2018, the High Court made *inter alia*, the following Orders:

- a) That additional compensation amounting to RM614,040.00, for market value of the land is to be paid by the Respondent to SD Pagoh;
- b) SD Pagoh's claim for additional compensation for Injurious Affection, site clearance, earthworks and consultancy services is dismissed; and
- c) Interest is to be paid to SD Pagoh on the increased compensation of RM614,040.00 at the rate of 8% per annum from the date of Form K to the date of full settlement,

("Judgment").

The sealed Judgment was served on the Land Administrator on 24 September 2018. Several demands have been issued, but payment has yet to be effected by the Land Administrator.

The solicitors for SD Pagoh are of the view that whilst SD Pagoh is legally and rightfully entitled to full payment of the Judgment sum, when actual recovery will take place is difficult to predict. Their advice is for SD Pagoh to follow up with reminders periodically and if there appears to be a persistent neglect by the Land Administrator to pay the Judgment Sum, an application for a Certificate under Section 33 of the Government Proceedings Act ("Application") will be undertaken since SD Pagoh would have to demonstrate that there has been a refusal and/or failure by the Land Administrator/BAKAJ to make the requisite payment, by way of a production of reminders and/or demands to support the Application (which will be made within the limitation period of 3 years from the date of the Judgment).

(v) Claim against Sime Darby Ara Damansara Development Sdn Bhd ("SDAD")

A civil suit has been commenced by 72 purchasers of Ara Hill ("Plaintiffs") against SDAD, claiming, among other things, both general and specific damages of approximately RM39.8 million and specific performance arising from SDAD's alleged breaches of the terms of the sale and purchase agreements 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 SDAD 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 did not reach a global settlement. The trial commenced on 16 April 2018 and a joint site inspection was conducted together with the Judge on 17 April 2018. On 14 November 2018, the Plaintiffs' counsel concluded examination-in-chief of their 1st expert witness who will continue with his testimony when the hearing resumes. Trial will continue on 19 to 21 March 2019 and 1, 2, 4, 29 and 30 April 2019.

The Plaintiffs' claim is divided into various allegations leveled against SDAD and in respect thereof, the solicitors of SDAD are of the view that SDAD has a good chance in resisting some of the allegations and an even chance on other allegations. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDAD's potential liability to the Plaintiffs in respect of this civil suit.

(vi) In the Matter of an Arbitration Between Bumimetro Construction Sdn Bhd ("BCSB") vs. Sime Darby Melawati Development Sdn Bhd ("SDMD")

BCSB ("Claimant"), the main contractor of a development in Melawati, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur ("Project") has referred disputes arising from the Project and the construction contract ("Contract") with SDMD ("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 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice ("Response") on 22 October 2018.

The arbitration proceedings will be held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing will commence on 13 January 2020.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim. However, these grounds would have to be assessed in detail when full documentation is disclosed in the proceedings. The Respondent's chances of success are closely linked to the Project Architect's advice given/position taken during their administration of the Contract as well as evidence to be given during the proceedings.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 10, Block G, No. 2, Jalan PJU 1A/7A, Ara Damansara, PJU 1A, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of our forthcoming Forty-Sixth AGM:

- (i) Constitution of Sime Darby Property;
- (ii) Audited consolidated financial statements of Sime Darby Property for the financial year ended 30 June 2018 and for the six (6) months period ended 31 December 2018;
- (iii) Material Contracts as referred to in Section 2, Appendix I of this Circular; and
- (iv) The relevant cause papers in respect of the material litigation as referred to in Section 3, Appendix I of this Circular.

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EXTRACT OF THE NOTICE OF FORTY-SIXTH AGM OF SIME DARBY PROPERTY

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL 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 3 April 2019 (“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.”