



Property

ANNUAL REPORT 2020



REINVENT
for the new norm



Property

HOW TO NAVIGATE OUR REPORT

STRATEGIC FOCUS AREA



Expand Income Portfolio



Achieve Cost & Operational Efficiencies



Launch New Growth Areas



Embark On Digital Transformation



Improve Organisational Effectiveness

MATERIAL MATTERS



Product Delivery Timeliness



Financial Performance



Occupational Health & Safety



Community Development



Environmental Stewardship



Innovation



Sustainable Development Pipeline



Strategic Partnerships



Product Quality



People Management



Change Management and Communication Plan

STAKEHOLDERS



Investors/Lenders



Media



Debt Providers



Customers



Suppliers/Business Partners



Employees



Regulators & Industry Affiliations



Authorities

ANNUAL REPORT 2020



About Our Report

In keeping with Integrated Reporting principles, the report includes information on our financial and non-financial performances, with a clear articulation of various risks and opportunities, our mitigation strategies and approaches to value creation. The report was prepared in compliance with Bursa Malaysia Main Market Listing Requirements, Malaysian Financial Reporting Standards, and Companies Act 2016 in Malaysia.

This is our fourth Annual Report since our listing in 2017. It covers the Financial Year 2020 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.

Rationale

Amid the challenging year with uncertainties in the macroeconomic condition and property market, Sime Darby Property is focused on staying agile, resilient and resourceful to remain competitive in this unprecedented environment.

With our strong fundamentals and inherent capabilities anchored on a commitment to sustainability and governance, we will adjust to the new operating environment with cautious optimism and continue to REINVENT to deliver meaningful value to all our stakeholders in the new norm.

Online Version



www.simedarbyproperty.com

Cross References



Tells you where you can find more information within the reports



Tells you where you can find more information online at www.simedarbyproperty.com



You can find this report and additional information about Sime Darby Property on our corporate website.

Look out for these icons:



Read more information in this Report



Visit: www.simedarbyproperty.com for more details

48th

ANNUAL GENERAL
MEETING OF
SIME DARBY PROPERTY

LOCATION

Banquet Hall, 1st Floor, Main Lobby
TPC Kuala Lumpur
No. 10, Jalan 1/70D
Off Jalan Bukit Kiara
60000 Kuala Lumpur, Malaysia

In line with the Government's initiative and the SC Guidance Note, the Group will conduct the 48th AGM on a **fully virtual basis through live streaming and online remote voting**. We strongly encourage you to participate in the 48th AGM via the Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tiih.online>.

DATE

Thursday, 6 May 2021

TIME

10.00 am

BOARD OF DIRECTORS

CHAIRMAN

Tan Sri Dr. Zeti Akhtar Aziz

BOARD MEMBERS

- Dato' Azmir Merican Azmi Merican
- 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
- Rizal Rickman Ramli
- Dato' Soam Heng Choon
- Mohamed Ridza bin Mohamed Abdulla



MANUFACTURED CAPITAL

Our land bank, physical assets and technology, as well as our other business infrastructure, including flagship products allow us to conduct business in a profitable yet sustainable manner



FINANCIAL CAPITAL

Income from core businesses, recurring businesses and monetisation of low-yielding assets ensures a sustainable flow of financial capital for the continuous expansion of existing and future business segments



HUMAN CAPITAL

Human capital development initiatives that include attracting and retaining talent, knowledge and skill base to improve our competitive strength



SOCIAL CAPITAL

Relationships and partnerships with our wide network of stakeholders, including customers, employees, regulators and policy makers, community members, media, and supply chain, etc.



NATURAL CAPITAL

Approximately 20,000 acres of land bank strategically located in growth corridors, with high connectivity that continues to support our current and future growth plans, in terms of expanding our footprint and strengthening our presence in all our focus markets, while optimising environmental performance



INTELLECTUAL CAPITAL

A strong brand, market experience, domain knowledge, formidable network and intellectual property can enhance our capacity to innovate and strengthen our brand equity and reputation

INSIDE THIS REPORT

1 OVERVIEW OF SIME DARBY PROPERTY BERHAD

- 4 Overview
- 4 Vision | Mission | Core Values
- 4 Who We Are | Presence In
- 6 2020 Key Highlights
- 8 Awards and Recognition
- 10 What We Do: Core Business Segments
- 12 Group Corporate Structure – Operating Entities
- 14 Corporate Information
- 15 Our Competitive Strengths
- 15 Indices Representation & Credit Ratings
- 16 Our Distinctive Developments
- 18 Key Milestones

2 KEY MESSAGES

- 20 Chairman's Statement
- 26 Group Managing Director's Review

3 VALUE CREATION

- 32 Our Approach to Value Creation – How We Create Value
- 34 Our Value Creating Business Model
- 36 Performance by Capitals
- 41 Stakeholder Engagement



➔ Go online to our website at:
www.simedarbyproperty.com

➔ PDF Version
These reports are available on our website



4 MANAGEMENT DISCUSSION & ANALYSIS

(A) STRATEGIC REVIEW

- 49 Market Review and Outlook
- 65 Global Megatrends and Growth Opportunities for the Group
- 68 Material Matters
- 72 Key Risks and Mitigation
- 78 Our Strategy
- 81 Key Performance Metrics

(B) PERFORMANCE REVIEW

- 82 Group Financial Review
- 91 FY2016 – FY2020 Financial Summary
- 92 Statement of Value Added
- 93 Group Quarterly Financial Performance
- 94 Financial Calendar
- 95 Investor Information

(C) OPERATIONS REVIEW

- 102 Property Development
- 114 Investment & Asset Management
- 124 Leisure

5 LEADERSHIP

- 130 Board Composition
- 131 Board of Directors' Profile
- 140 Executive Leadership
- 142 Executive Leadership Composition
- 143 Executive Leadership Profile
- 148 Organisation Structure – Corporate

6 GOVERNANCE

- 150 Corporate Governance Overview Statement
- 192 Nomination and Remuneration Committee Report
- 202 Audit Committee Report
- 207 Risk Management Committee Report
- 211 Additional Compliance Information
- 214 Statement on Risk Management and Internal Control

7 SUSTAINABILITY REPORT

- 222 Section 1: Evolving Journey
- 234 Section 2: Sustainability Governance
- 236 Section 3: People (Contributing to a Better Society)
 - 236 Conducive Working Environment
 - 247 Inclusive Design
 - 249 Human Rights
 - 250 Uplifting The Community
- 256 Section 4: Planet (Optimising Environmental Performance)
 - 257 Climate Action: Mitigation and Adaptation
 - 258 Operational Eco-Efficiency Programme
 - 265 Biodiversity Conservation Programme
- 270 Section 5: Prosperity (Delivering Sustainable Development)
 - 270 Affordability
 - 271 Economic Injection
 - 277 Data and Cyber Security

8 REPORTS AND FINANCIAL STATEMENTS

- 279 Statement of Responsibility by the Board of Directors
- 280 Directors' Report
- 285 Statement by Directors
- 285 Statutory Declaration
- 286 Independent Auditors' Report
- 294 Statements of Profit or Loss
- 295 Statements of Comprehensive Income
- 296 Statements of Financial Position
- 298 Statements of Changes in Equity
- 300 Statements of Cash Flows
- 303 Notes to the Financial Statements

9 SHAREHOLDERS' INFORMATION

- 402 Analysis of Shareholdings
- 405 List of Material Properties Held by the Group
- 408 Corporate Directory
- 410 Notice of Annual General Meeting
- 416 Statement Accompanying Notice of The Forty-Eighth Annual General Meeting
- 417 Administrative Details for the Forty-Eighth Annual General Meeting of Sime Darby Property Berhad
- 423 Form of Proxy

10 APPENDIX

- 425 Notice to Shareholders Under The Personal Data Protection Act 2010
- 426 Notis kepada Pemegang Saham di bawah Akta Perlindungan Data Peribadi 2010
- 427 Notice to Proxies Under The Personal Data Protection Act 2010
- 428 Notis kepada Proksi di bawah Akta Perlindungan Data Peribadi 2010
- 429 Independent Assurance Report



Overview of Sime Darby Property Berhad

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 & Teamwork

I

Integrity & Accountability

M

Make It Happen

E

Entrepreneurial Spirit

Who We Are

Sime Darby Property (the Group) is a leading property developer with a solid track record in developing sustainable communities for over 48 years. With 24 active townships and developments, we have a wide reach that encompasses assets and operations across the country. We mark our presence in the United Kingdom as part of a Malaysian consortium to develop the iconic Battersea Power Station Project in central London.



Elmina Valley in the City of Elmina

As a responsible corporate player, Sime Darby Property and its philanthropic arm Yayasan Sime Darby (YSD) actively roll out various initiatives to assist the underprivileged communities living within and nearby its townships nationwide. An established property group with numerous international and local accolades, we are the only Malaysian property developer to be rated by the Carbon Disclosure Project for carbon management and stakeholder engagement.

We take pride as a developer of sustainable communities and of our achievement as the first Malaysian property developer to be awarded the International FIABCI Prix d'Excellence Awards twice for our Subang Jaya and UEP Subang Jaya townships. We received the Platinum Award at the Putra Brand Awards 2020 after 10 consecutive Gold Awards from 2010 to 2019; and our 9th Top 10 Developers Awards at the BCI Asia 2020. The Group has also been recognised as among the top developers in Malaysia in the annual The Edge Top Property Developers Awards, a recognition which the Group consistently receives since 2009.

Presence In



MALAYSIA



SINGAPORE



VIETNAM



UNITED KINGDOM



MARKET CAPITALISATION:
RM4.5 BILLION
as at 31 December 2020



TOTAL ASSETS:
RM14.9 BILLION
as at 31 December 2020



Total Employees:
1,503
as at 31 December 2020

2020 Key Highlights

FINANCIAL HIGHLIGHTS



REVENUE

RM2,062.8
MILLION

(2019: RM3,180.0 million)



PROFIT BEFORE INTEREST AND TAX EXCLUDING ONE-OFFS

RM110.4
MILLION

(2019: RM351.0 million)



NET EARNINGS EXCLUDING ONE-OFFS

RM77.4
MILLION

(2019: RM312.0 million)



TOTAL EQUITY

RM9,289.5
MILLION

(2019: RM9,950.0 million)



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM1.34

(2019: RM1.43)



GROSS GEARING RATIO

36.7%

(2019: 33.1%)



NET GEARING RATIO

28.1%

(2019: 25.7%)



CASH POSITION

RM801.8
MILLION

(2019: RM743.3 million)

OTHER HIGHLIGHTS

A constituent of the **FTSE4GOOD BURSA INDEX**, **FTSE4GOOD ASEAN 5 INDEX** and **FTSE4GOOD EMERGING INDEX**

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

Only property developer in Malaysia with **CDP CARBON** management and stakeholder engagement rating

Sukuk Musharakah Programme is **RATED AA+_{JS}** and a stable outlook by Malaysian Rating Corporation Berhad ("MARC")

BUSINESS HIGHLIGHTS



SALES ACHIEVED:

RM2.0 BILLION

exceeded revised sales target of RM1.4 billion



NUMBER OF UNITS SOLD:

2,258 UNITS



LAUNCHES IN FY2020:

1,668 UNITS

with RM1,506.4 million GDV and garnered an average take-up rate of 88.0 percent as at 14 February 2021

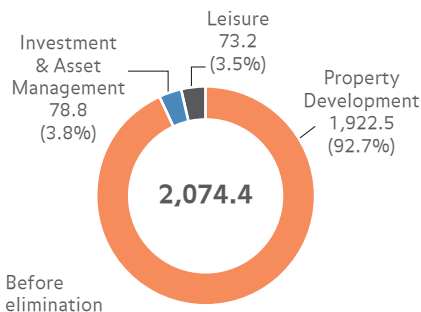


DELIVERY OF COMPLETED UNITS

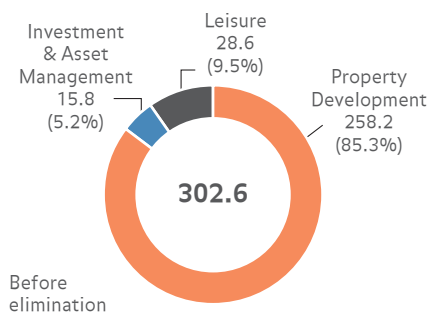
3,725 UNITS

SEGMENTAL HIGHLIGHTS

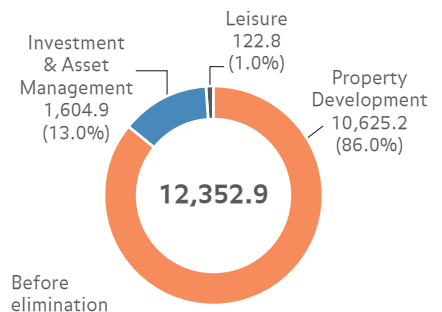
Revenue (RM million)



Gross Profit (RM million)



Segment Net Assets (RM million)



Property Development recorded Gross Profit of **RM258.2** MILLION



Investment & Asset Management recorded Gross Profit of **RM15.8** MILLION



Leisure recorded Gross Profit of **RM28.6** MILLION



Awards and Recognition

2020

The Edge Property Excellence Awards

The Edge Top Property Developers Awards – Ranked 2nd Place

FIABCI World Prix d'Excellence Awards

Gold Winner in Retail Category – Melawati Mall

Putra Brand Awards

Platinum in Property Development Category

BCI Asia Top 10 Awards

BCI Asia Top 10 Developers (Malaysia)

The StarProperty Awards

- Best Overall Champion
- All-Star Award – Most Transparent Developer Category
- Excellence in The Neighbourhood Award – Best Comprehensive Township Category (500 – 2,000 acres) – Serenia City

Malaysia Landscape Architecture Awards (MLAA)

- Excellence Award in Landscape Analysis & Study Awards (Professional Category – Malaysian) – Elmina Sports Park
- Honour Award in Landscape Master Plan Awards (Developer Category) – City of Elmina Master Plan
- Honour Award in Landscape Master Plan Awards (Developer Category) – The Leaf at Serenia City Landscape Master Plan
- Young Landscape Architect Awards (Professional Category – Malaysian) – LAr. Anith Ahmad Rosli

Construction Quality Excellence Awards

- High QLASSIC Achievement in Landed Residential Category for:
 1. Liana, Elmina East
 2. Ferrea, Denai Alam
 3. Azira, BBR
 4. Harmoni Vista 2, Bandar Universiti Pagoh



International Annual Report Competition (ARC) Awards

- Gold in Printing & Production – Property Development (Various & Multi-Use) Category – 2019 Integrated Annual Report
- Honours in Interior Design – Property Development (Various & Multi-Use) Category – 2019 Integrated Annual Report

National Annual Corporate Reports Awards (NACRA)

- Silver Award for Companies with RM2 Billion to RM10 Billion in Market Capitalisation Category – 2019 Integrated Annual Report

ASEAN Corporate Governance Scorecard Award

- ASEAN Asset Class (The ASEAN ASSET CLASS Recognises Companies that have Achieved Above 75% in the 2019 Assessment)

The Legal 500 GC Powerlist

Southeast Asia In-house Legal Team 2020



What We Do:

Core Business Segments

Property Development

Sime Darby Property prides itself as a leading developer of sustainable communities with over 48 years of established experience and a track record of developing landed to strata properties covering residential, offices, retail and industrial developments.

Its track record includes notable and well-known townships such as Taman Melawati, Subang Jaya, UEP Subang Jaya and Bukit Jelutong, newer ongoing townships along the Guthrie Corridor Expressway and other areas in Klang Valley, Negeri Sembilan and Johor. These include the City of Elmina, Putra Heights, Serenia City, Bandar Bukit Raja, Bandar Ainsdale, Nilai Impian and Bandar Universiti Pagoh, with the latest being the Industrial & Logistics-themed developments named Elmina Business Park and Malaysia Vision Valley 2.0.

The properties developed by the Group are extensive, consisting mainly of residential freehold units which range from the affordable to high-end segments, landed and high-rise units, as well as retail, commercial, industrial & logistics and niche developments. The Group has identified Industrial & Logistics developments as its new growth engine with expansion plans put in place covering Elmina Business Park, Bandar Bukit Raja, Nilai Impian and Serenia City.

92.7%
Contribution to the
Group Revenue



RM2.0
billion
Sales Achieved in FY2020

RM1.6
billion
Unbilled Sales



Chemara Hills



Investment & Asset Management

Our Investment & Asset Management segment comprises retail, office and industrial assets located within Klang Valley and Singapore. This segment also includes the Concession Arrangement business that provides asset management services, including facilities and infrastructure management for campuses in the Pagoh Education Hub in Bandar Universiti Pagoh.



Potential Build for Multi-storey Warehouses
at Bandar Bukit Raja (artist impression)



Leisure

The Leisure arm of our business manages assets which include three golf courses, a cricket club and lawn bowl facilities in Malaysia, and a serviced residence located in Vietnam.

TPC Kuala Lumpur received
6 international and local awards in 2020,
including recognition as
Top 100 Platinum Golf and Country
Club 2020-2021

Achieved average of
89.3%
Customer Satisfaction Index for
3 Key Malaysian Assets, namely TPC Kuala
Lumpur, Sime Darby Convention Centre and
Impian Golf & Country Club

RM1.64 billion*
Total Value of Assets

1.68 million sq ft
Total Net Lettable Area

88%
Average Occupancy Rate

4
Institutions of
Higher Learning

Approximately
8,200
Students
as at February 2021

Note:

* Total asset value, total net lettable area and average occupancy rate include assets held under joint ventures



TPC Kuala Lumpur

Group Corporate Structure

– Operating Entities



Property

MALAYSIA: WHOLLY-OWNED SUBSIDIARIES

- Harvard Golf Resort (Jerai) Berhad
- Harvard Hotel (Jerai) Sdn Bhd
- Impian Golf Resort Berhad
- Kuala Lumpur Golf & Country Club Berhad
- MVV Holdings Sdn Bhd
- 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
(formerly known as Sime Wood Industries 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 (Chemara) Sdn Bhd
- Sime Darby Property (City of Elmina) Sdn Bhd
- Sime Darby Property (Convention Centre) 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 (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 Brunfield Holding Sdn Bhd Group
- Sime Darby Nilai Utama Sdn Bhd
- Sime Darby Property Selatan Sdn Bhd Group

MALAYSIA: JOINT VENTURES

- 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 (*formerly known as Sime Darby Sunrise Development Sdn Bhd*)

FOREIGN: WHOLLY-OWNED SUBSIDIARIES

- Darby Park (Management) Pte Ltd
- 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 pages 391 to 398, Note 43 List of Subsidiaries, Joint Ventures and Associates

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dr. Zeti Akhtar Aziz

(Non-Independent Non-Executive Chairman)

Dato' Azmir Merican Azmi 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

(Independent Non-Executive Director)

Dato' Seri Ahmad Johan Mohammad Raslan

(Independent Non-Executive Director)

Datin Norazah Mohamed Razali

(Independent Non-Executive Director)

Rizal Rickman Ramli

(Non-Independent Non-Executive Director)

Dato' Soam Heng Choon

(Independent Non-Executive Director)

Mohamed Ridza Mohamed Abdulla

(Independent Non-Executive Director)

GROUP MANAGING DIRECTOR

Dato' Azmir Merican Azmi Merican

SECRETARY

Moriame Mohd

(SSM PC No. 202008002204)

(MAICSA 7031470)

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 :

property.communications@simeproperty.com

Website : www.simeproperty.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

Our Competitive Strengths

Established experience

and track record in property development



Financial resilience enables the Group to undertake **large-scale development projects**



Qualified

and experienced Board and Management team



Sizeable developable land bank and **development pipeline**

with healthy product-mix located at strategic locations



Capability for **broad product offerings** from residential high-end to affordable units, landed and high-rise units, as well as retail, commercial and industrial & logistics properties



Well-positioned to benefit from opportunities in major new strategic development regions such as



Malaysia Vision Valley 2.0 and Pagoh Special Economic Zone

Indices Representation & Credit Ratings

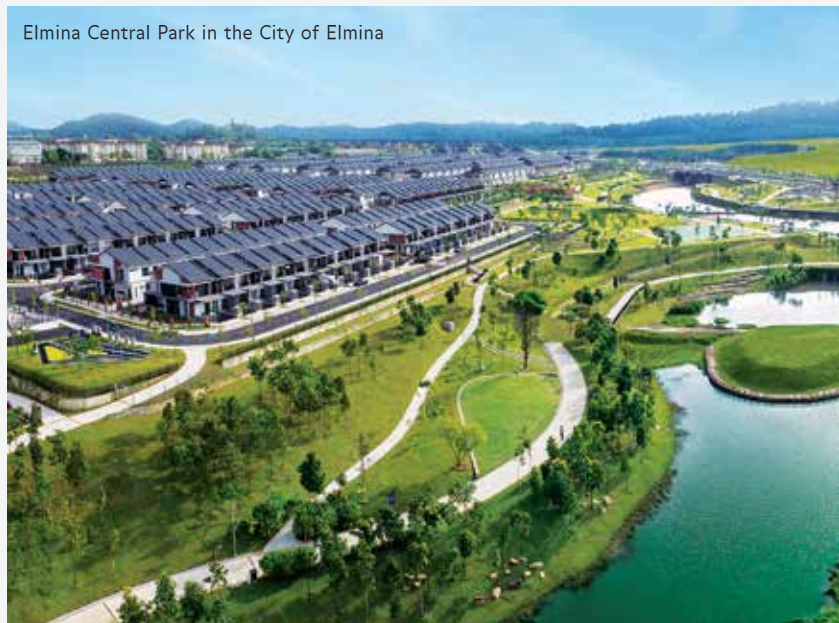


Our Distinctive Developments

TOWNSHIP DEVELOPMENT

- City of Elmina, Shah Alam (Denai Alam, Elmina East, Elmina West, Bukit Subang, Elmina Business Park) (6,515 acres)
- Bukit Jelutong (2,205 acres)
- Bandar Bukit Raja, Klang (4,333 acres)
- Serenia City, Sepang (2,370 acres)
- Nilai Impian, Nilai (1,809 acres)
- Planters' Haven, Nilai (250 acres)
- Putra Heights, Subang Jaya (1,796 acres)
- Saujana Impian, Kajang (600 acres)
- Bandar Ainsdale, Seremban (562 acres)
- Bandar Universiti Pagoh, Muar (4,099 acres)
- Taman Pasir Putih, Pasir Gudang (356 acres)

Elmina Central Park in the City of Elmina



Cantara Residences

INTEGRATED DEVELOPMENT

- KL East, Kuala Lumpur (160 acres)
 - The Ridge
 - The Veo
 - KL East Mall
- SJCC, Subang Jaya (30 acres)
 - Lot 15
 - Aurora
- SJ7, Subang Jaya (35 acres)
- Ara Damansara, Petaling Jaya (693 acres)
 - Oasis Corporate Park
 - Cantara Residences
- Melawati, Ulu Klang (880 acres)
 - Serini
 - Melawati Corporate Centre

SIGNATURE/NICHE DEVELOPMENT

- KLGCC Resort, Kuala Lumpur (62 acres)
 - Senada Residences
 - East Residence
- USJ Heights, Subang Jaya (375 acres)
- Chemara Hills, Seremban (44 acres)

JOINT VENTURE DEVELOPMENT

- PJ Midtown (5.54 acres)
- Radia, Bukit Jelutong (20.95 acres)
- Melawati Mall



Twin Factories in Elmina Business Park (artist impression)



Core Business



Property Development



Investment &
Asset Management



Leisure

Township, Integrated and Niche Developments



24

Land Bank to be Developed



19,811 acres

Total Estimated Gross Development Value (GDV)



RM84.0 billion

GDV of Units Launched:

RM1,506.4 million

as at 31 December 2020

Sales Achieved:

RM2.0 billion

as at 31 December 2020

Number of Units Launched:

1,668

as at 31 December 2020

Number of Units Sold:

2,258

as at 31 December 2020

Sales Performance by Region

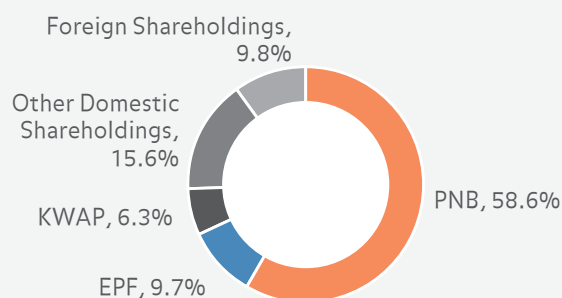
for the financial year ended 31 December 2020:

Sales by Region (%)

Guthrie Corridor Expressway	42.0%
Other Areas in Klang Valley	31.6%
Klang	10.6%
Negeri Sembilan	9.1%
Others	6.7%

Shareholding Structure

as at 31 December 2020:



Key Milestones

Sime Darby Property is built on the solid foundation set by our predecessor institutions that were market leaders in their respective industries in the past 200 years. Leveraging on their strength as contributors to the nation's growth, we will do our part to continue this rich legacy by building a sustainable future for communities and creating value for our multiple stakeholders.

1972

Negara Properties, subsidiary of Golden Hope Plantations, launches Taman Melawati.

1974

The launch of Subang Jaya township.

1990

Guthrie Property Development Holding Bhd is established and the Bukit Jelutong development commences.

1995

Subang Jaya receives the International FIABCI Prix d'Excellence Award.

1997

Bukit Jelutong wins Best Planned Township Award from the Institute of Town Planners in Malaysia.

1984

Sime UEP is established through the acquisition of a large stake in United Estates Projects Bhd.

2000

Sime UEP becomes the first Malaysian developer to receive the MS ISO 14000 Environmental Management System.

2002

The launch of Bandar Bukit Raja township, covering 4,333 acres.

2003

Guthrie Property launches Denai Alam and wins the Institute of Planners' Planning Innovation Award for Township.

2005

Completion of the Guthrie Corridor Expressway which connects Shah Alam and Rawang.

2011

Sime Darby Property launches its first affordable housing project in Bandar Ainsdale, in collaboration with PR1MA.

2012

- Sime Darby Property, SP Setia and EPF acquire the iconic Battersea Power Station site in London for £400 million.



- Sime Darby Property launches the 5,000-acre freehold City of Elmina township.
- Sime Darby Property signs concession agreements with the Government of Malaysia and four higher learning institutions to build the country's first multi-varsity education hub in Pagoh, Johor.
- Sime Darby Property enters a joint venture with CapitaMalls Asia to develop Melawati Mall in Taman Melawati.

2010

Sime Darby Property forms a 50:50 joint venture with UEM Sunrise to develop Radia, a commercial development in Bukit Jelutong.

2007

The merger of Sime Darby Bhd, Kumpulan Guthrie Bhd and Golden Hope Plantations Bhd.

2014

Sime Darby Property launches Rumah Mampu Milik Johor at Taman Pasir Putih in Pasir Gudang.

2018

- Sime Darby Property partners with Japan's Mitsui and Mitsubishi Estate for Logistic and Industrial development at Bandar Bukit Raja.
- Tan Sri Dr. Zeti Akhtar Aziz is appointed as the first woman chairman of the Board.
- Sime Darby Property and UNICEF sign an MoU to develop Malaysia's first Inclusive Playground in the City of Elmina.
- Official launch of Malaysia Vision Valley 2.0.



2019

- Sime Darby Property becomes the only local property developer to be rated by the Carbon Disclosure Project (CDP), an international carbon and environmental performance rating non-government organisation.
- Launch of dto, Malaysia's first property co-creation digital platform.
- Sime Darby Property is reselected as an Index Constituent in the Dow Jones Sustainability Index.
- Sime Darby Property makes more than RM1 billion sales with Primetime 8 campaign.
- Sime Darby Property partners with Tropical Rainforest Conservation & Research Centre (TRCRC) to set up the Elmina Rainforest Knowledge Centre in the City of Elmina.



2017

- Pagoh Education Hub completion in May 2017.
- Sime Darby Property opens Melawati Mall, a new iconic lifestyle mall in Taman Melawati.
- Sime Darby Property makes its debut on the Main Market of Bursa Malaysia Securities Berhad on 30 November 2017.

2016

Launch of Sime Darby Property Mobile Application.

2020

- Groundbreaking ceremony of Sime Darby Property XME Business Park Nilai Impian.
- Launch of online sales campaigns – Online Guided Sales Experience, Super Deals, and Your Instalments On Us – in response to the Movement Control Order.
- Spotlight 8 Year 2020 outperforms previous year's sales, garnering RM1.5 billion in bookings.
- Sime Darby Property was included as a constituent in the FTSE4Good Index Series (FTSE4Good BURSA, FTSE4Good Emerging Market and FTSE4Good Asean 5) by FTSE Russell for the third consecutive year.



- Completed construction of the Elmina Rainforest Knowledge Centre and Endangered, Rare and Threatened Native Tree Nursery in the City of Elmina.
- Sime Darby Property amends its RM4.5 billion Sukuk Musharakah Programme to incorporate terms for the potential issuance of ASEAN Sustainable and Responsible Investment (SRI) Sukuk with a credit rating of AA+_{IS} and was accorded a stable outlook by the Malaysian Rating Corporation Berhad (MARC).
- Sime Darby Property's first wholly-owned mall, KL East Mall opens to the public.
- Sime Darby Property signs a Memorandum of Collaboration with Negeri Sembilan Corporation for the development of Malaysia Vision Valley 2.0.
- Sime Darby Property records RM2.0 billion in sales, exceeding its revised sales target of RM1.4 billion.



Dear Stakeholders,

The unprecedented developments in 2020 have challenged businesses in every part of the world. The global outbreak of the health pandemic brought the world economy to a grinding halt in the first half of the year. All of us were confronted by a common threat that had a major impact on the economy and on society. In this environment, the Group's journey reflected a similar trajectory as with others. It is the organisational resilience during such a tumultuous crisis that will determine our ability to ride out this difficult period and the potential to capitalise the opportunities that emerge with the recovery. Against these extreme conditions, I am pleased to share that our people and businesses were able to adapt and evolve to build a durable recovery for all our stakeholders.

Chairman's Statement



TAN SRI DR. ZETI AKHTAR AZIZ

OVERVIEW OF THE MACRO ENVIRONMENT

In the early part of 2020, the world accorded priority to containing the spread of the COVID-19 pandemic. Shutdowns and movement restrictions were implemented around the world. It brought travel and people movement to an abrupt stop. With the exception of essential services, economic activity ceased to take place. This resulted in the year-on-year global GDP growth to contract massively in the first half of 2020. In Malaysia, Q2 2020 saw the GDP contract by -17.1 percent. In the months that followed, uncertainty was significantly elevated. Despite an upturn in economic activity in Q3, a surge in COVID-19 cases in the final months of the year moderated the recovery. The world responded with unprecedented policy measures. In Malaysia, the fiscal stimulus amounted to about 20 percent of GDP, while interest rates were lowered to historical lows. An important part of the stimulus was the several economic relief packages which included two rounds of the PRIHATIN Rakyat Economic Stimulus Package (PRIHATIN), the National Economic Recovery Plan (PENJANA) and the PRIHATIN Supplementary Initiative Package (KITA PRIHATIN).

The real estate and construction sector was directly impacted by the consequences of the pandemic. Office buildings were emptied and hotels saw an abrupt decline in their occupancy rates. Retail stores also saw their traffic slow even after the movement restrictions were lifted as consumers increasingly elected to purchase their goods online. Property values for office and residential real estate also began to soften. The property sector, being largely dependent on sales and construction progress faced significant operational setbacks from



REVENUE

RM2.1 billion



NET EARNINGS EXCLUDING ONE-OFFS

RM77.4 million

the suspension of activities and site closures. Many of our development sites, sales galleries, retail outlets and leisure operations had to close as a temporary precautionary measure.

As part of the fiscal stimulus package, several measures were directly focused on the property and real estate sector. This provided important support for the sector. The property sector especially welcomed the reintroduction of the Home Ownership Campaign, stamp duty exemption, and the enactment of the COVID-19 Bill which allowed property developers to exclude the MCO period in the calculation of the time for delivery of vacant possession and for liquidated damages for late delivery of vacant possession. These and other measures, including the low Overnight Policy Rate (OPR) that was reduced to 1.75 percent and the real property gains tax exemption unveiled in PENJANA have helped to not only cushion the impact of the pandemic but have also stimulated the market.

NAVIGATING WITH RESILIENCE

The construct of the Group's resilience is backed by a formidable legacy of more than 200 years. We are one of few organisations privileged to have a rich history of predecessor institutions in the Sime Darby brand. These include well-known heritage firms such as Guthrie & Co, Harrisons & Crosfield, Sime Darby & Co, Golden Hope Plantations Berhad, Negara Properties Berhad, Sime UEP Berhad and Guthrie Property Development Holding. The evolution of the Group, from a trading and agriculture business in the early 19th century, to a now diversified conglomerate, and subsequently in 2017

Chairman's Statement

following the demerger, to exclusively focus on property development is in tandem with the nation's changing socioeconomic and demographic landscape.

Upholding this legacy, the Group continues to revamp our capabilities to build the potential to tap into the new opportunities that have emerged. Our focus has been on the changes that have altered the long-term drivers of our industry rather than reacting to the short-term developments that have occurred due to the pandemic. Tactical strategies have also been deployed to meet the fundamental change in consumer behaviour following the greater digitalisation in the economy. During this period, the Group ramped up the digitalisation of its sales and marketing efforts to reach potential customers amidst sales gallery closures. The utilisation of digital touchpoints and the design of a thoughtful online customer experience have been an important part of our efforts to engage with the market during this period.

In terms of performance during this period of heightened uncertainty, the Group declared an interim single tier dividend of 1.0 sen per share for the financial year ended 31 December 2020, totalling RM68.0 million in dividend pay-out to shareholders. This was despite a loss of RM478.8 million recorded in FY2020. Excluding the one-off write-offs, write-downs, impairment and provisions, this translated to a commendable payout ratio of 87.9 percent. Moving forward, we believe the initiatives taken in proactively assessing the value of our assets to ensure prudent measures are in place to reflect the evolving market conditions, will enable the Group to be on a stronger footing when the overall economic environment gradually recovers. The Group also provides for continuous monitoring of its cost structure and funding pipeline to ensure its resilience.

Sime Darby Property Berhad Headquarters



EFFECTIVE LEADERSHIP AND OVERSIGHT

During this unprecedented period, greater attention was given to strengthening the governance arrangements. This is pivotal for the efficient and effective functioning of the corporation and to ensure we successfully meet our intended goals and objectives. In early 2020, a temporary Special Committee of the Board was established to oversee and monitor the implementation of Board decisions and also following

the appointment of new leadership to the corporation. The Group Managing Director, Dato' Azmir Merican, joined the corporation on 22 April 2020. The Special Committee provided strategic guidance to the Group as delegated by the Board in the Terms of Reference of the Special Committee. In the midst of the external headwinds, it facilitated a robust engagement between the Board and the Management. This was also facilitated by pre-meeting sessions conducted by the respective Board Committee Chairs. The tenure of the Special Committee was concluded on 31 December 2020 upon the fulfilment of its role and mandate.



The Group declared an interim single tier dividend of

1.0 sen
per share for the financial year ended 31 December 2020



The opportunity was also taken to recognise the structural changes that was transforming our environment and to also take into consideration the lessons from the pandemic. In relation to this, the Group has established a strategic refocus on strengthening envisioned areas to bolster our performance in today's challenging environment. This move will see Sime Darby Property reinvent itself into becoming a property player with expanded reach in the Industrial & Logistics Development and in the Investment & Asset Management segments. Notwithstanding this strategic refocus, the Group will continue

its role as a master developer and community builder alongside its aspiration to become an investment and asset manager. Integral to this will be our focus on greening the environment and overall environmental sustainability as well as on the well-being of the community.

During the year, Sime Darby Property has received a number of awards. This includes the recognition in the 2019 ASEAN Corporate Governance Scorecard Award under the ASEAN Asset Class category which acknowledges companies with a score of more than 75 percent. This award which was presented in December 2020, is a testament to our resolute drive for integrity and ethics in our business. The Group was also recognised at the National Annual Corporate Report Awards (NACRA) and the Annual Reports Competition (ARC) International Awards, signifying our continued commitment for transparency and comprehensive reporting.

In 2020, the Board welcomed two new members – Dato' Soam Heng Choon, who brings with him a wealth of extensive experience and expertise in property development and construction, and Encik Mohamed Ridza Mohamed Abdulla, an established legal practitioner with an illustrious career serving a diverse set of local and international clients.

In August 2020, we lost a key Board member, Datuk Poh Pai Kong, who served on the Board as an Independent Director prior to his demise. The Group is most grateful to him for his many contributions during his tenure and is deeply saddened by his passing.

BUILDING SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

Our business horizon has a long-term orientation that takes into consideration the impact of our activities on the community and on the environment. Sime Darby Property's journey to become a leader in the sustainability agenda encompasses a holistic ecosystem that is built with a focus on three spheres that includes the value chain of People, Planet and Prosperity.

Chairman's Statement

As a developer of townships and industrial developments, our projects have a substantive economic, social and environmental impact. As we build communities, we are cognisant that our greater responsibility is to integrate the sustainability agenda so that our actions will not in any way compromise the well-being of not only the current but also of future generations. As part of the imperative of our corporation on environmental sustainability, consideration is taken into account that our business decisions will not in any way damage the environment.

One notable development in 2020 was the launch of the Sime Darby Property 2030 Sustainability Goals, a set of 18 Environmental, Social and Governance-related (ESG) goals that support the United Nations Sustainable Development Goals (SDGs), that are integrated into our business operations. These goals pave the way for bold and ambitious targets that will reduce our carbon footprint and the impact on climate change while also making increasingly impactful contributions to local communities and our overall society.

The Group is also strengthening governance to integrate sustainability by making it part of the performance metric for Senior Management. In recognition of the role of leaders in driving sustainability forward, sustainability key performance indicators have been put in place in 2020 for the Group Managing Director and the Senior Management. This is the start of increasing accountability for sustainability-linked performance in our business which will continue into 2021. ESG performance is therefore on the front burner for our corporation. The importance of ESG has also been elevated in managing the various human-faceted risks arising from the pandemic. In addition, our contributions in 2020 included a significant amount to COVID-19 relief efforts to safeguard vulnerable communities.

Integrating sustainability is thus at the centre of our business model and our vision. As part of these efforts, the Company has in 2020 developed the Sime Darby Property Sustainability Sukuk Framework, to advance the Group's strategy and vision of building sustainable communities with the development of an ecosystem towards sustainable and responsible investing. I am pleased to share that the Group made its first issuance of Sukuk Musharakah under the RM4.5 billion Sukuk Musharakah Programme with a total issue size of RM800 million on 3 December 2020. The proceeds from the issuance will be utilised for purposes as set out in the Group's Sustainability Sukuk Framework.

SUPPORTING CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) and employee volunteerism is also an important focus at Sime Darby Property, especially in the face of COVID-19 and the numerous consequential issues caused by the pandemic. Working with our philanthropic arm – Yayasan Sime Darby – during the early stage of the pandemic, funds and essential items were distributed to communities living within and around our townships through the Yayasan Sime Darby Disaster Relief Fund Aid. Separately, the Sime Darby Property Relief Fund was set up to channel more than RM800,000 to those most vulnerable to COVID-19. Further financial assistance of RM500,000 was provided to the Government-Linked and Government-Linked Investment Companies Disaster Response Network and another RM250,000 to Agensi Pengurusan Bencana Negara (NADMA).

Apart from COVID-19-related contributions, Sime Darby Property's volunteer programmes which included a focus on wildlife and biodiversity conservation in collaboration with Zoo Negara Malaysia and Taman Tugu were implemented. The Group also participated in a face mask making income generation project with SURi Inspirasi. All in all, 43 CSR programmes were undertaken in 2020 with the help of 264 volunteers from Sime Darby Property who clocked 700.5 volunteer hours. At the iProperty Development Excellence Awards 2020, we received the Community CSR Award of the year for our CSR dedication.



Lumira 2 in Bandar Bukit Raja (artist impression)



Ilham Residence in the City of Elmina (artist impression)

43 CSR
programmes
undertaken in 2020



CLOSING REMARKS

In closing, I would like to thank our shareholders for their unwavering trust and continuous support, especially during this challenging time. My appreciation goes to Dato' Azmir and the Senior Management team for demonstrating excellent crisis management at the Group. I am confident that the Senior Management team will be able to lead the Group to achieve greater milestones.

264 Sime Darby
Property volunteers



I am also grateful to my fellow Board members for their strong commitment, and for their sound advisory and guidance offered during this difficult year. To our employees who have remained focused and connected, it has paid off in allowing the corporation to continue to deliver its mandate during these challenging times. Although forecasts are decidedly more positive going into 2021, with the news of successful vaccine development, we expect to continue to face challenging economic conditions. The foundations for a recovery are in place. The containment of the pandemic and the speed and success of the vaccine distribution will reinforce the strength of the recovery. I assure our stakeholders that Sime Darby Property will continue to build upon our strong foundations to support our future growth and to reinvent the ways in which we serve you.

700.5 volunteer
hours clocked in



Tan Sri Dr. Zeti Akhtar Aziz

Non-Independent, Non-Executive Chairman



Group Managing Director's Review



DATO' AZMIR MERICAN

Dear Shareholders,

Sime Darby Property surpassed expectations with a commendable finish to the year under review. Despite the uncertainties brought on by the COVID-19 pandemic, the Group achieved total sales of RM2.0 billion in 2020, 43 percent higher than the revised sales target of RM1.4 billion. Excluding one-offs on write-downs, write-offs, impairment and provisions, the Group recorded Profit Before Interest and Tax (PBIT) and net earnings during the year under review of RM110.4 million and RM77.4 million respectively.

Going into 2020, the Group had anticipated a soft property market due to the prevailing property overhang as well as weak consumer demand and persevered throughout the challenges to emerge resilient.

Economic uncertainties as a result of the pandemic were felt globally, and not just confined to our local operations. The three full lockdowns in the United Kingdom and subsequent closure of the construction sites also affected our overseas development in Battersea, London. However, our Battersea Power Station project continued to see positive demand for its residential offering, with over £145 million (RM821 million) of sales achieved in the last 12 months.

Proactively, Sime Darby Property undertook a comprehensive review of the operating environment and the Group's exposure to risks, revising our short-term strategies and formulating business plans that would allow us to react quickly to the changing market environment.

By leveraging on our existing strengths to tap into opportunities arising from the pandemic, we were also able to create value for our stakeholders. Our strategic reprioritisation included focused launch plans, financial discipline through cashflow & inventory management and cost optimisation, as well as the acceleration of our digital transformation journey which we had initiated before the pandemic.

Revenue (RM'million)



Profit before Interest and Tax excluding one-offs (RM'million)



One such immediate measure was to leverage on our digital sales channels ranging from emails and news portals to social media platforms, enriched by website campaigns that utilise online guided sales experiences. Our Spotlight 8 Year 2020 campaign, launched on 16 July 2020 garnered RM1.5 billion in bookings, outperforming the previous year's record of RM1.1 billion.

To ensure the sufficiency of funding lines, we reactivated our RM4.5 billion Sukuk Musharakah programme in November 2020, which was accorded a credit rating of AA+_{IS} and a stable outlook by Malaysian Rating Corporation Berhad. We are pleased to report that our balance sheet position remains healthy, with gross and net gearing ratios of 36.7 percent and 28.1 percent respectively. Total cash and cash equivalents of the Group increased by 7.9 percent to RM801.8 million as at 31 December 2020.



SALES ACHIEVED

RM2.0 BILLION
(2019: RM3.1 billion)

Group Managing Director's Review

KEY PERFORMANCE HIGHLIGHTS

Sime Darby Property recorded a revenue of RM2.1 billion and a Loss Before Interest and Tax (LBIT) of RM509.9 million for the financial year ended 31 December 2020. The results reflected the challenges in the business environment amid the COVID-19 pandemic as well as asset impairment charge including the impairment loss from the Battersea Power Station project as well as write-down/write-off of inventories, impairment and provisions totalling RM620.3 million. Excluding these one-offs, the Group recorded a commendable PBIT of RM110.4 million for the financial year.

The Property Development segment remains the key contributor to the Group's revenue, generating RM1.9 billion for the full financial year, on the back of an aggressive marketing and sales campaign, particularly via digital sales channels, as well as on-site development activities in township such as City of Elmina, Bandar Bukit Raja, Serenia City and Putra Heights, as well as integrated developments such as Lot 15, Cantara Residences and Senada Residences. In FY2020, the Group successfully completed 18 projects with a total delivery of 3,725 units of properties.

Total sales for the Group stood at RM2.0 billion, which surpassed its revised sales target of RM1.4 billion by 43 percent. Revenue visibility remains steady for Sime Darby Property, with RM1.6 billion of unbilled sales as at 31 December 2020 and new bookings of RM0.8 billion as at 14 February 2021.

Revenue from the Investment & Asset Management segment stood at RM78.8 million in the current financial year. In the financial year, the Group recorded the maiden contribution from its new KL East Mall which was opened to the public in November 2020. Excluding one-offs, the Investment & Asset Management segment registered a loss of RM39.0 million, on the back of pre-opening expenditure for the mall.

The Leisure segment generated a revenue of RM73.2 million for FY2020, on the back of reduced contribution from events and functions following the COVID-19 outbreak. There were no one-offs from this segment during the year and the segment's generated a LBIT of RM27.8 million for the full financial year.



KL East Mall

Our Property Development segment achieved an average take-up rate of 88.0 percent as at 14 February 2021.



STRATEGIC PRIORITIES AND ACHIEVEMENTS

In 2020, the Group prioritised a few key areas namely Marketing & Sales in the area of inventory management, particularly for completed and incoming completed stocks, cost and cashflow management, reallocation of resources to areas with immediate accretive value and prioritisation of key projects that deliver value to customers.

In its Property Development segment, the Group emphasised on capacity building for digital marketing, employing agile launch plans with the right products at the right price points in well-located townships to match the shift in customer priorities.

Tighter financial management controls were also put in place to mitigate the profit and loss impact of COVID-19, including reviewing our capital spending and operational expenditure with a view to recalibrate our direct and overhead cost base. In the year under review, our Property Development segment launched 1,668 units of property with a Gross Development Value (GDV) of RM1.5 billion, achieving an average take-up rate of 88.0 percent as at 14 February 2021.

Among notable projects included Ilham Residence, our first foray into stratified landed development in the City of Elmina and a key component of our vision to develop sustainable lifestyle concept of multi-generational living.

A number of the Group's projects, namely Serenia City's Serenia Ariya and Elmina Green Three Phase 1 in the City of Elmina recorded 100 percent take-up rates at launch. In the City of Elmina, the first phase of Elmina Business Park launched



LAUNCHES IN FY2020:

1,668 UNITS
with RM1.5 billion GDV

in September 2020 was also fully taken-up as at year-end, signalling a receptive market for our products in the Industrial & Logistics Development segment.

KL East Mall received more than 200,000 visitors in the opening week. Currently holding a 72.0 percent physical occupancy rate, the mall has welcomed over 1.5 million visitors to date.

Group Managing Director's Review



Serenia Ariya in Serenia City (artist impression)

WORKFORCE EMPOWERMENT

As strict stay-at-home orders were instituted and digitalisation intensified, our people adapted to the new challenges of working from home. Sime Darby Property employees were equipped with digital solutions, including the HR Management System via cloud technology and were encouraged to conduct meetings and training sessions through virtual platforms.

As proponents of mental health advocacy, our Human Resources Team introduced the Employee Solidarity Programme 2020, providing wellness assistance to employees via financial and other means. We also launched Jalinan Nurani, a digital platform that allows employees and their families to care for their mental, physical and financial well-being.

The Work-from-Home practice has proven to be a boon for the staff as more than 75 percent of employee development plans were implemented and average learning hours increased by 20 percent. Of these, over 60 percent were delivered online.

We continue to empower our staff and have put in motion a continuous learning culture and a succession pipeline to ensure that our people remain agile in the ever-changing business environment.

FUTURE DIRECTION

Our corporate direction under our SHIFT 2.0 Strategy continues to drive Sime Darby Property forward amid the challenging economic outlook. In this environment, we are focused on executing our strategies via our four corporate priorities which are broadening income streams, deepening our competencies, initiating digital transformation and developing new capabilities. Our organisation transformation will evolve the Group from a pure play property developer to be a real estate development company with multiple sources of income. Our aim will be to deliver shared value to our stakeholders, a balanced of social, environmental and economic outcomes.

Moving forward, the Group will embark on an active landbank management and monetisation strategy to ensure a sustainable development pipeline for our lands, review lands not within the development of our townships as well as harness our landbank assets as currency for growth and ultimately strengthen our balance sheet.

Sime Darby Property will bank on its agile launch plan to meet a higher sales target of RM2.4 billion in 2021. Projects with a GDV of approximately RM2.5 billion are lined up for launches this year, including a diversified product mix of landed and high-rise residential as well as industrial and commercial offerings.

Going into 2021, we are focused on digital transformation as a key enabler for our business operations, innovation in lifestyle concepts emerging from stay-home needs, building sustainable communities, and accelerating the speed of income diversification to strengthen our business model.

RM68.0 million
in dividend pay-out to shareholders

The Group will focus on the Industrial & Logistics Development segment as its new sector growth with key launches in 2021 including further launches in Elmina Business Park comprising 303 industrial units and 78 commercial units with a GDV of RM1.3 billion. Our product offering has expanded to include our first multi-tenant, ready-built warehouse with a total GDV of RM530 million in the Bandar Bukit Raja Industrial Gateway.

In 2021, the Group will launch the luxury high-rise Jendela Residences located in the flagship of KLGCC Resort township, further diversifying Sime Darby Property's residential product mix. With a GDV of approximately RM900 million, Jendela Residences is the first of the Group's high-rise projects to be launched for the year.

We will also strengthen our retail and commercial portfolio as placemaking and catalytic components to add value to township projects. TPC Kuala Lumpur has been identified as a focal point for the repositioning of the KLGCC brand as a lifestyle destination.

The Group will remain vigilant in monitoring the economic recovery. We have realigned our strategic priorities to meet current challenges and capitalise on opportunities when they emerge in the year ahead.

OUTLOOK AND PROSPECTS

The Group anticipates the uncertainties of 2020 to continue into 2021 amidst the ongoing pandemic. Our Government's measures to contain the outbreak and the success of the

vaccination programmes will be major determinants of the country's economic growth. Sime Darby Property stands resilient against the upcoming risks and challenges but is also well-positioned to harness opportunities for a strong rebound.

Going into 2021, we are focused on digital transformation as a key enabler for our business operations, innovation in lifestyle concepts emerging from stay-home needs, building sustainable communities, and accelerating the speed of income diversification to strengthen our business model. We view 2021 as the year of consolidation to strategise, invest and digitise to further strengthen our foothold in the property market and build stronger foundations for the years ahead.

We will also continue to leverage and support the Government's multi-pronged strategies and initiatives such as the Home Ownership Campaign extension under the PENJANA stimulus package (which runs from 1 June 2020 to 31 May 2021), stamp duty exemptions under the Budget 2021 announcement, and the low-interest rate environment.

APPRECIATION

We are grateful for the support from the Government, various regulatory bodies, business partners, our shareholders, Permodalan Nasional Berhad, and especially our customers for their unyielding trust in Sime Darby Property. Every support extended during these challenging times have contributed to the Group's greater achievements.

In August 2020, we lost a distinguished Board member, the late Datuk Poh Pai Kong. His invaluable insight and guidance throughout his years of service will always be remembered. Our sincerest gratitude also goes to Dato' Johan Ariffin and Datuk Dr. Mohd Daud Bakar following their retirement from the Board after almost 10 and three years of service respectively. The Management benefited greatly from their tenure and is honoured to have been under their leadership.

On behalf of the Group, I would like to thank YBhg. Tan Sri Dr. Zeti Akhtar Aziz for her leadership, guidance and support provided to the Board and myself throughout her tenure as Chairman of the Group. We have benefited from her breadth of vision and deep insight which have been invaluable in steering the Group during difficult times in the past year.

Thank you as well to all Sime Darby Property employees for their continuous dedication to our purpose.

Dato' Azmir Merican
Group Managing Director

Our Approach to Value Creation

– How We Create Value

Our emphasis on value creation is expressed in our purpose to become a Leader in Building Sustainable Communities, pointing not just to one or a few stakeholders but all those involved in our businesses. Sime Darby Property adopts an integrated approach to value creation by taking stock of the external environment including market risks and opportunities and our relationship with stakeholders, assessing our material matters and formulating strategies that will lead us on a path to create sustainable value for stakeholders. We regard the value creation process as a continuous navigation of these factors, where every stakeholder in our ecosystem benefits from our business in one way or another.

Our Stakeholders

The end goal of the value creation process is to deliver benefits to ourselves and our stakeholders. Their expectations inform our assessment of material matters and strategies.

Our Operating Context

The external environment determines our growth prospects in an interconnected economy, influenced by global megatrends, market outlook, risks and opportunities, regulatory changes and trade flows.

Our Material Matters

Our material matters are those topics that influence our business 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 capitals is a measure of our value creation efforts.

Our Strategy

Our SHIFT 2.0 Strategy outlines strategic priorities that will position us in the operating environment, manage our material matters through the six capitals, and ultimately create value for stakeholders.

Our Ability to Create and Protect

The strength of governance is a key factor in our value creation ability. Value creation is therefore central to our corporate vision and mission as well as integrated into our performance and remuneration frameworks throughout all levels of the organisation.

Performance linked to value creation

Our Group performance is measured by the value we create for stakeholders, and this is continually incorporated into our individual performance metrics. Both financial and non-financial performance combine to provide a holistic value creation model. In addition to business performance targets, the Green Sustainability KPI at the senior leadership level recognises value creation that goes beyond financial performance.

Remuneration that drives value over time

Our Board remuneration framework is designed to ensure fair remuneration based on a diverse set of skills required for value creation at Sime Darby Property. Additionally, the remuneration policy (which is reviewed periodically by an independent consultant) applies to Non-Executive Directors to align remuneration with the Group's long-term strategy. A similar Group Remuneration Policy that applies to employees also carries the same goal to ensure rewards are based on performance.

Material Issues Impacting the Group

- Financial Performance
- Strategic Partnerships
- Innovation

Strategic Value Drivers



Expand Income Portfolio

- Financial Performance
- Product Delivery Timeliness
- Product Quality
- Occupational Health and Safety



Achieve Cost & Operational Efficiencies

- Financial Performance
- Strategic Partnerships
- Innovation



Launch New Growth Areas

- Product Delivery Timeliness
- Product Quality
- Occupational Health and Safety
- People Management
- Change Management and Communication Plan



Embark on Digital Transformation

- People Management
- Change Management and Communication Plan
- Sustainable Development Pipeline
- Community Development



Improve Organisational Effectiveness

Allocating Our Resources

We leverage on the resources at our disposal to deliver value, which are distributed among our six capitals. The allocation of resources are 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 to balance and enhance our capitals for the actualisation of value creation that benefits all.

MANUFACTURED CAPITAL

Our land bank and built infrastructure that we build and manage provide a sustained source of revenue generation for decades to come.

FINANCIAL CAPITAL

Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cashflow to continue our operations and expand growth.

HUMAN CAPITAL

Our people – the expertise and capabilities that they possess to achieve business outcomes, deliver strategic priorities and drive our vision and mission.

SOCIAL CAPITAL

The relationships and goodwill we have with our stakeholders build trust and credibility in our brand as well as create an ecosystem where every stakeholder benefits.

NATURAL CAPITAL

The natural resources used for our business activities and our store of undeveloped landbank unlock the potential for future revenue.

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 and stakeholders, to reinforce the Group's vision to be the Leader in Building Sustainable Communities. It marks a new chapter for long-term value creation since our listing as we leverage the experiences and skills of our people to deliver quality homes and properties for our customers.

KEY INPUTS

OUR CRITICAL CAPITALS



MANUFACTURED CAPITAL

Owens **approximately 20,000 acres** of land bank and additional approximately **20,000 acres** of call option lands in strategic locations and with good connectivity

- **24 active townships**, integrated and niche developments
- **1.68 million sq ft.** of total net lettable area
- **6 Leisure assets**

Please refer to pages 102 to 129 for Operations review



FINANCIAL CAPITAL

Prudent in protecting the Group's financial position through optimal liquidity management and efficient capital structure.

- Cash balance of **RM801.8 million**
- Total equity: **RM9.3 billion**
- Gross Gearing Ratio: **36.7 percent**
- Net Gearing Ratio: **28.1 percent**

Please refer to pages 82 to 101 for Performance review



HUMAN CAPITAL

1,503 total employees across our operations in **Property Development, Investment & Asset Management, and Leisure** (*as at December 2020)

Please refer to pages 140 to 147 for Executive Leadership and pages 222 to 277 for Sustainability Report



SOCIAL CAPITAL

Maintains **strong and effective** relationships with key stakeholders, namely shareholders, customers, local authorities, communities and suppliers

Please refer to pages 41 to 48 for Stakeholders Engagement



NATURAL CAPITAL

Optimise environmental performance by embedding **Sustainability** in our value chain to manage natural resources, i.e. land, water and energy

Please refer to pages 222 to 277 for Sustainability Report



INTELLECTUAL CAPITAL

48 years of track record with strong brand name, market experience and formidable network with partners

Please refer to pages 49 to 129 for Management Discussions & Analysis

MARKET TRENDS

- Economic Power Shift
- Rapid Urbanisation
- Changing Demographics
- Digitalisation, Technology & Innovation
- Awareness in ESG
- Importance of Healthcare Sector



LAUNCH NEW GROWTH AREAS



EMBARK ON DIGITAL TRANSFORMATION



ACHIEVE COST OPERATIONAL EFFICIENCIES

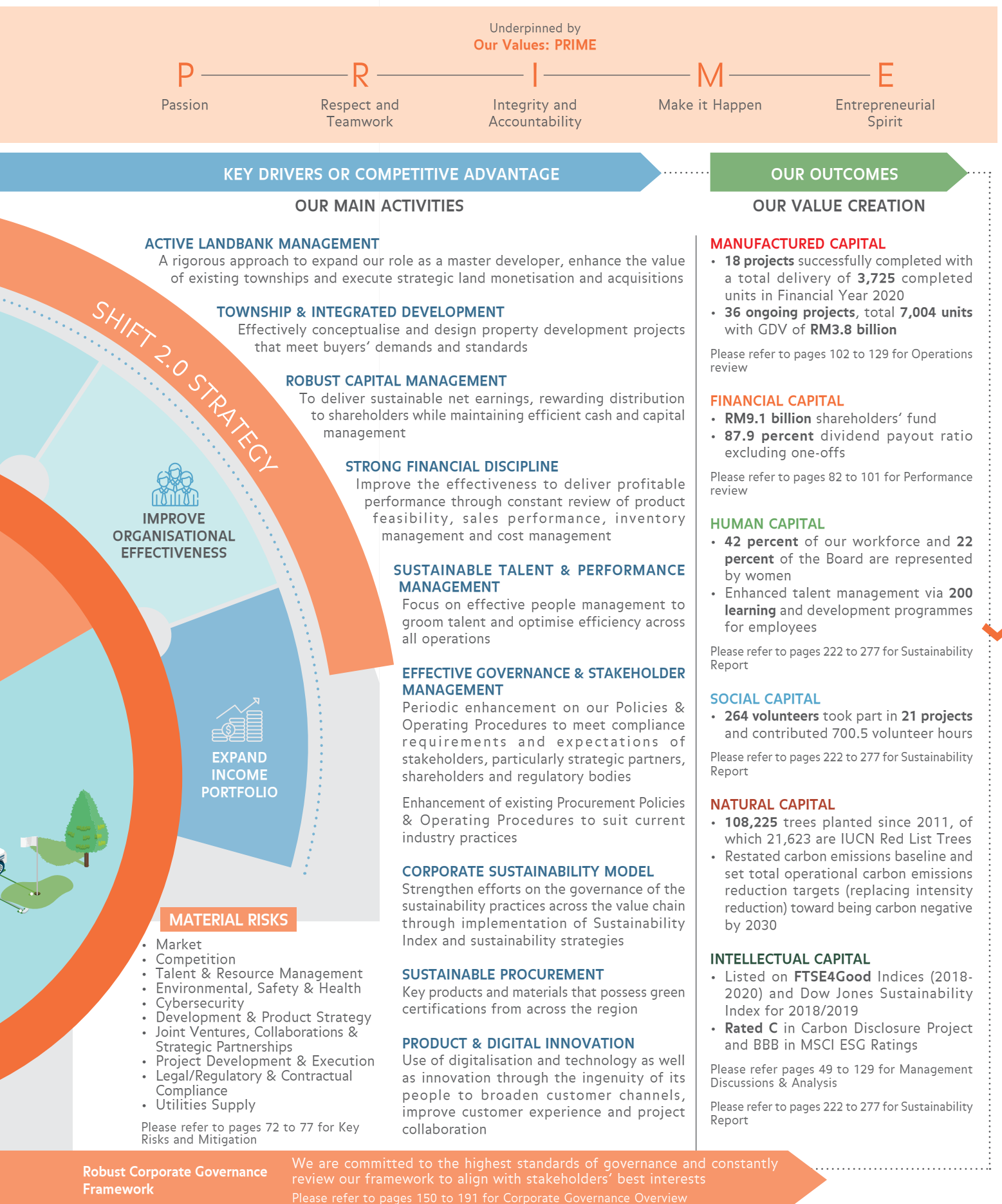
Property Development

BUSINESS ACTIVITIES

Investment & Asset Management

Leisure

Supported by strong governance and effective Board leadership



Performance by Capitals

These six capitals through which we derive value for our organisation and stakeholders constitute the resources and relationships of our businesses. The inputs are integral to our operations and the outputs that deliver value. The capitals are interrelated, often with trade-offs, and balancing these capitals is an essential part of the Group's decision making process. We take strategic actions to enhance each capital towards the desired outcomes while balancing trade-offs, and the performance of our capitals in 2020 is as below.



MANUFACTURED CAPITAL



Our land bank and property products that we continue to manage provide a sustained source of revenue generation for decades to come

Key Inputs:

- **Approximately 20,000 acres** of land bank
- **24 active** completed townships and developments
- **1.68 million sq ft.** of total net lettable area
- **6** leisure assets

Outcomes:

- **3,725** units constituting **18** projects completed
- **81.5 percent** QLASSIC score

Action to Enhance Outcomes:

- Conducted a total assessment and re-strategised new launch plans amidst challenging market conditions
- Reviewed landbank management and monetisation strategy to unlock value in remaining developable landbank
- 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
- Built Malaysia's first inclusive playground and published 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



FINANCIAL CAPITAL



Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cashflow to continue our operations and expand growth

Key Inputs:

- **RM14.9 billion** total assets
- **RM2.1 billion** total revenue
- **RM800.0 million** in nominal value raised from Sukuk issuance
- **28.1 percent** net gearing ratio

Outcomes:

- **RM9.1 billion** shareholders' fund
- **87.9 percent** dividend payout ratio excluding one-offs
- **RM81.0 million** tax paid to the Government and contribution to the society

Action to Enhance Outcomes:

- Maintained a healthy product mix by launching products at the right price points to cater to fluctuating market preferences
- Developed more aggressive digital marketing campaigns to sustain the momentum from previous online sales
- Intensified efforts to diversify income stream via the new growth engine in the ILD business

- Focused on complementary businesses to support our recurring income strategy
- Maintained a healthy balance sheet through effective capital, cashflow and cost management
- Accelerated monetisation plans for land sales, low-yielding assets and 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



HUMAN CAPITAL



Our people's expertise and capabilities drive our vision and mission, deliver strategic priorities and achieve business outcomes

Key Inputs:

- **1,503** employees
- **200** learning and development programmes
- **RM1.2 million** invested in learning and development programmes

Outcomes:

- **18.95** average training hours per employee and total training hours of 28,824

Action to Enhance Outcomes:

- Organised digital trainings instead of physical sessions
- Increased the number of training programmes and learning hours
- Implemented pandemic precautionary measures to reduce exposure to the virus

Trade-Offs:

Efforts to develop and nurture human capital may come at the cost of financial capital, but this is balanced in the long term by enhanced talent capabilities that bolster financial capital

Performance by Capitals



SOCIAL AND RELATIONSHIP CAPITAL



C.L.A.S.S Programme

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

Key Inputs:

- **42** organisations supported through donations
- **43** community programmes implemented

Outcomes:

- **RM2.5 million** worth of charitable contributions
- Approximately **RM1.0 million** channelled to COVID-19 relief efforts by the Group
- **700.5 hours** spent volunteering for the community

Action to Enhance Outcomes:

- Adjusted the speed of payments processing to our suppliers from one month to 14 days to ease the financial burden resulting from the pandemic
- Continued to donate, plan, and support various community development programmes that aid the underprivileged
- Developed a new Vendor Code of Business Conduct with increased focus on human rights

Trade-Offs:

Building bridges with all our stakeholders takes a toll on financial capital and human capital. However, management of social and relationship capital via stakeholder engagement can strengthen our social license to operate and enable us to build manufactured capital for more inclusive results



NATURAL CAPITAL



Aman North Park in Serenia City

The natural resources used for our business activities and undeveloped land bank unlock future revenue potential

Key Inputs:

- **21,623 IUCN Red List Trees** with a total of **108,225 trees** planted since 2011
- **3,948** homes installed with water-saving fittings
- **2,760** energy-efficient homes
- **3** community recycling programmes conducted

Outcomes:

- **38,452* tCO₂-e** carbon emissions
- **8,959.88 tCO₂-e** carbon sequestered
- **612,830* m³** water used
- **3,980 tonnes*** of solid waste (non-hazardous) generated
- Restated carbon emissions baseline
- Restated waste intensity baseline
- **39.4 tonnes** of community recyclables
- Restated water intensity baseline

Action to Enhance Outcomes:

- Established the Sime Darby Property 2030 Goals that are aligned with the UN SDGs
- Strengthened governance of sustainability matters by finalising an Integrated Sustainability Policy and implementing the Green Sustainability KPI
- Developed and launched SRI Sustainability Sukuk Musharakah programme

* This data has been externally assured. Please refer to Independent Assurance report from pages 429 to 431.

- Continued to advance reduction targets by implementing eco-efficiency practices in our operations
- Conducted a sustainability communication programme to raise awareness 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 Living Nursery Collection as biodiversity inventories
- Commenced the vendor engagement programme on eco-efficiency and climate change

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

Performance by Capitals



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

Key Inputs:

- **PRIME** core values

Outcomes:

- Maintained our position on **FTSE4Good Indexes**
- The only property developer to be rated by CDP for carbon management and stakeholder engagement
- **Rated C** in Carbon Disclosure Project and **BBB** in MSCI ESG Ratings

Action to Enhance Outcomes:

- Conducted research on existing products to understand customer behaviour and enhanced digital marketing channels through application of new technologies

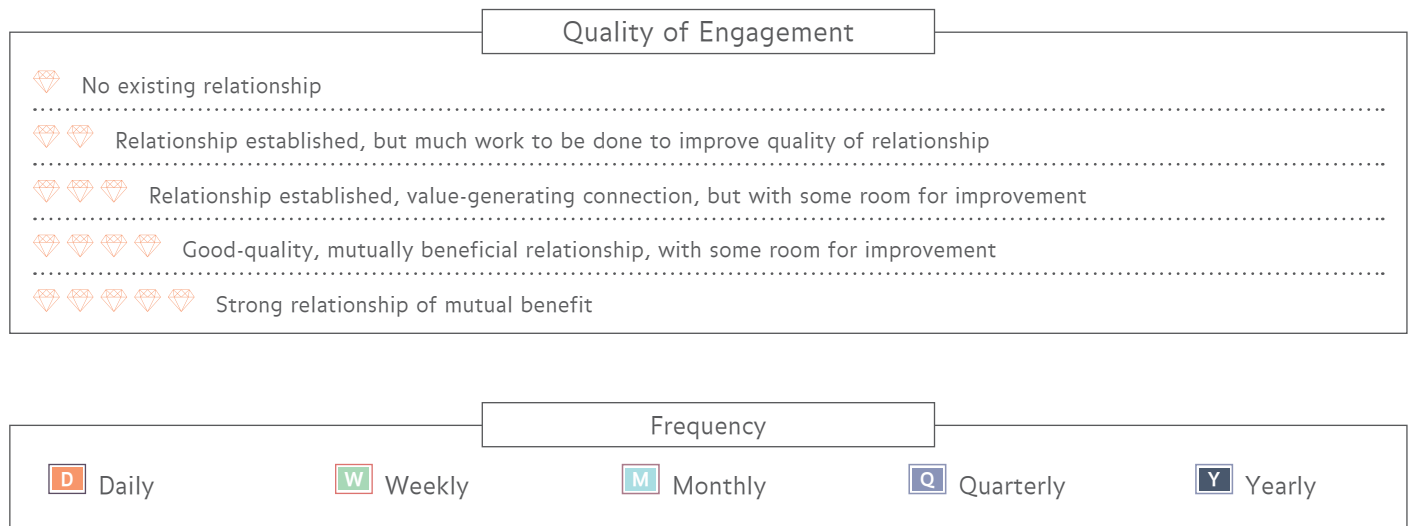
- Introduced minimum sustainability standards in our products to incorporate sustainability considerations into our township planning
- Conducted vendor eco-efficiency programmes to raise awareness and compliance with environmental standards and practices

Trade-Offs:

Building up intellectual capital can reduce financial capital in the short term as investments are channelled into innovation and process improvements. However, enhanced productivity or product quality resulting from investments in intellectual capital can be positive for manufactured capital and financial capital

Stakeholder Engagement

Stakeholder relations are central to value creation. To develop a holistic understanding of our value proposition, we seek to assess our stakeholders' interests and expectations, their importance to our business, and the risks and opportunities surrounding these relationships. We hope to deliver our vision and mission through a thorough understanding of value creation.



Stakeholder Engagement



INVESTORS AND ANALYSTS

Quality of Engagement



Frequency of Engagement



Related SDGs



Value for Them

Attractive short- and long-term yield on investment driven by sound governance and risk management, a robust growth strategy, and transparent disclosures on financial and non-financial performance

Value for Sime Darby Property

A reliable financial rating and capital to finance our business activities

Engagement Purpose

- To keep the investors and analysts informed on the following:
 - The latest financial and operational performance
 - Updated business developments, strategies, and directions
 - Responses to the key issues that took place or were announced in the market or macro environment that may impact the Group's operations. Such responses include anticipated impact in the short and longer term as well as the Group's reaction or strategies to manage these 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

- Enable stakeholders to make informed investment decisions based on information and 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 and clarification from the Group

Engagement Platforms and Frequency

- Strategic and effective engagement 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 to have direct access to the Executive Leadership team for the latest development updates of the Group

Other communication channels include the following:

- Annual General Meetings
- IR corporate website
- Quarterly results and corporate exercise announcements via Bursa Malaysia
- One-on-one meetings
- Site visits
- Email/phone communications

Key Concerns Raised

- Transparent disclosure of financial and operational information for better understanding of the Group's developments
- Consistent and concise financial and operational performance on a quarterly basis
- Disciplined growth strategy with clear emphasis on long-term, sustainable shareholders' returns
- Good governance and risk management framework

Responses

- Organise quarterly briefings for results announcement and updates on key developments
- Communicate clear strategic direction, goals and outcomes, broad risk exposures as well as performance targets of the Group via:
 - One-on-one/group meetings and conference calls
 - Conferences
 - Non-deal roadshows
 - Informative, accurate, timely and transparent quarterly results announcements and annual reports
- Allow direct access to the Board members and Executive Leadership at Annual General Meetings
- Site visits per key investor requests

Engagement Platforms and Frequency

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

Risks and Opportunities

Inaccurate financial analysis reported by analysts causing less favourable rating to our stock and share price performance. Transparent and timely disclosures provide investors with opportunities to make sound investment judgements

Our Response

- Conducted meetings and engagement sessions to reach local and foreign-based investors
- Maintained relationship with investors and analysts through various channels



MEDIA

Quality of Engagement



Frequency of Engagement



Related SDGs



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 endeavours are shared accurately in a timely manner with the public through the media
- To create a symbiotic relationship between the Group and Media
- To manage and strengthen the Group's reputation and credibility

Value Proposition

- Group-wide projects/campaigns or crisis concerns are addressed accurately to the public via the media
- Transparency in our financial and non-financial reporting
- Becoming a key voice in matters pertaining to the property industry
- Build brand name and image to become a trust-worthy lifestyle and master developer in Malaysia

Engagement Platforms and Frequency

- Frequent media engagements via the following channels, but not limited to
 - Press releases
 - Media statements
 - Networking sessions
 - Press conferences
 - 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 Senior Management for financial and non-financial updates for the media
- Share regular Group updates which include launches, sales campaigns, key appointments
- Share business strategies, market insights and outlook
- Transparent and prompt in our information sharing through fact sheets, press releases, FAQ, statements, press conference, and media briefings

Engagement Platforms and Frequency

- Annual General Meeting and annual report (yearly)
- Media briefings (quarterly)
- Networking sessions (quarterly)
- Township/project visits (quarterly)
- Press conferences and press releases (monthly)
- Interviews (monthly)

Risks and Opportunities

Our progress and achievements could be erased by negative, inaccurate or insufficient media coverage. By building a healthy relationship with the media, brand value may be strengthened

Our Response

- Released timely information to media as and when relevant
- Provided members of media access to key Senior Management for interviews

Stakeholder Engagement



DEBT PROVIDERS

Quality of Engagement



Frequency of Engagement



Related SDGs



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 communicate on the progress of eligible projects under Sustainability Sukuk

Value Proposition

- Access to Sukuk funding to projects that have positive impacts to the environment and community we operate in
- Assurance that sustainability projects are aligned to the framework

Engagement Platforms and Frequency

- Active engagement with bankers, end financiers, valuers
- 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 Platforms and Frequency

- Annual report and Annual General Meeting (yearly)
- Meetings (quarterly)
- Site visits (quarterly)
- Events hosted by lenders (quarterly)
- Email communication (monthly)
- Website updates (daily)

Risks and Opportunities

The commitment and trust of debt providers impact deliverables 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 Sukuk Musharakah programme



EXISTING AND POTENTIAL CUSTOMERS

Quality of Engagement



Frequency of Engagement



Related SDGs



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

- Provide a sustainable and safe environment for the community to live and thrive within

Engagement Platforms and Frequency

- Engagement via sales personnel
- PRIME members events
- Newsletter (piloting)
- Engagement across multiple platforms including all 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
- Ongoing community programmes such as recycling efforts and urban farming
- Eco-efficient homes and safe amenities

Responses

- Appoint dedicated personnel for each active township and development for community engagement and township up-keeping
- Organise long-term sustainable lifestyle programmes for the community such as community recycling efforts and urban farming

Engagement Platforms and Frequency

- Project launches and sales and marketing drives (quarterly)
- Meetings with joint management bodies (monthly)
- Organised community activities in respective townships (monthly)
- Website and social media channels (daily)

Risks and 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 helps 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 enable ease of property viewings
- Engaged communities in recycling programmes, urban farming initiatives and biodiversity programmes
- Launched multi-generational homes and smart green homes to cater to the next generation of customer demands

Stakeholder Engagement



SUPPLIERS/ CONTRACTORS/ STRATEGIC PARTNERS

Quality of Engagement



Frequency of Engagement



Related SDGs



Value for Them

Business continuity and competitive terms of contract supported by safe work standards and 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

- To keep up with rapid changes in new technology in construction industry
- Strong engagement with stakeholders as it involves exchange of information on industry
- To communicate the Group's strategy in addressing sustainable development (eco-efficiency programmes) throughout the value chain

Value Proposition

- 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 the impacts

Engagement Platforms and Frequency

- Engagement sessions, building rapport
- Factory, site visits, virtual meetings
- Regular networking sessions
- Eco-efficiency briefings, data collection process, tracking, auditing and meetings

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 and future reference
- Recognition of contribution to sustainability targets e.g.: eco-efficiency reduction such as waste, water and carbon emissions

Responses

- Townhall, workshops with industry experts, knowledge sharing session and on-site learning activities
- Performance assessment to keep competitiveness in the future
- Adopt best practices in tackling sustainable development

Engagement Platforms and Frequency

- Eco-efficiency briefings (yearly)
- Procurement and appointment process (yearly)
- Auditing process (yearly)
- Relationship-building and networking sessions (quarterly)
- Data collection process (monthly)
- Meetings (monthly)

Risks and 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. Synergistic partnerships are an opportunity to facilitate innovation and the adoption of advanced construction methods or technology. Cooperation on pricing promotes 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



EMPLOYEES

Quality of Engagement



Frequency of Engagement



Related SDGs



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 talents 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 HR service delivery
- To raise awareness on the Group's sustainability targets and efforts through daily operations

Value Proposition

- Safe and conducive working environment
- Knowledge and skills enhancement
- Effective talent and welfare management
- Opportunity to make valuable contribution in addressing climate change via operational eco-efficiency programmes and adoption of positive habits

Engagement Platforms and Frequency

- Continuous employee engagement via these initiatives:
 - a) Internal team meetings
 - b) Annual individual performance review
 - c) Personal and professional development programmes
 - d) Focus group discussions
 - e) Townhalls
 - f) Employee engagement surveys
 - g) Volunteering opportunities
 - h) Internal digital platform and corporate collaterals
 - i) Inter-departmental collaboration on specific projects and initiatives
 - j) HR Business Partner engagements
 - k) Site assessments and collaborative township programmes
 - l) Jalinan Nurani
 - m) COVID-19 relief funds
 - n) Periodic blasts of e-newsletters, briefings, seminars, SUSDEX, Carbon Footprint and Water and Waste reduction programmes

Key Concerns Raised

- Creating work-life balance
- Fair and competitive remuneration practices
- 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

- Update employees regularly using internal channels
- Continuously provide training programmes and project assignments that align with business goals to allow skills enhancement
- Promote work-life balance via Staggered Working Hours, 90-days Maternity Leave, expectant mothers may leave 1.5 hours earlier, 1 week Paternity Leave, Volunteer initiatives
- Provide HR On-Cloud, a user-friendly digital platform for HR solutions and services
- Jalinan Nurani digital platform helped improve employees' mental health
- Affected employees financially assisted during the COVID-19 pandemic
- Provide bite-sized information about sustainability with employees using internal channels
- Provide knowledge sharing session to topics related to sustainability
- Conduct eco-efficiency audit
- Bi-annual seminars and achievement recognition through SUSDEX

Engagement Platforms and Frequency

- Townhalls (yearly)
- Employee engagement surveys (yearly)
- Individual performance reviews (yearly)
- Learning and development programmes (monthly)
- Focus group discussions (monthly)
- Lunch talk sessions (weekly)
- Intra- and interdepartmental meetings (weekly)
- Workplace communication platforms (daily)

Risks and Opportunities

Work culture and talent development affect our internal capabilities and the 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 during the work-from-home period
- Conducted online training and knowledge sharing sessions for employees
- Launched a digital well-being platform to assist employees and their family members with their mental and physical health concerns

Stakeholder Engagement



REGULATORS AND INDUSTRY AFFILIATIONS

Quality of Engagement



Frequency of Engagement



Related SDGs



Value for Them

Compliance with rules and regulations and contributions to industry developments

Value for Sime Darby Property

Guidance on rules and regulations and support from industry peers as well as the authorities

Engagement Purpose

- Active engagement with relevant regulators and authorities
- Proactive participation in industry forums, advisory group, standard-setting bodies and Government consultation initiatives
- To ensure latest regulatory clause and compliance are up-to-date

Value Proposition

- Constant assurance on the compliance of the latest regulatory and best practices updates while deepening existing relationships for strategic collaborations

Engagement Platforms and Frequency

- Meetings, email communications and seminars

Key Concerns Raised

- Compliance to rules and regulations, with the Group kept abreast of various requirements
- Share, contribute and co-create industry best practices or new policies and regulations

Responses

- Ensure full compliance to the applicable rules and requirements
- Engage with all stakeholders with transparency, honesty and integrity

Engagement Platforms and Frequency

- Industry forums (quarterly)
- Government consultation (quarterly)
- Advisory groups (quarterly)

Risks and 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 and wetland construction and maintenance guidelines

Market Review and Outlook

THE MALAYSIAN ECONOMY AND GENERAL OPERATING LANDSCAPE

The Malaysian economy was impacted by the COVID-19 pandemic in 2020, and recorded a decline of 5.6 percent Gross Domestic Product (GDP) growth for the full year. In Q4/2020, the country's GDP recorded negative growth of 3.4 percent, which was the third consecutive quarterly contraction after having registered contractions of 17.1 percent in Q2/2020 and 2.6 percent in Q3/2020. The sharp contraction of GDP in Q2/2020 was the result of the implementation of the Movement Control Order (MCO) from 18th March 2020. Following that, the country's unemployment rate hit an all-time high of 5.3 percent in May 2020.

Since 10 June 2020, the country entered the Recovery MCO (RMCO) which allowed most business activities to resume, guided by the Standard Operating Procedures (SOPs) mandated by the government. Economic conditions improved somewhat then, albeit still registering a small contraction of 2.7 percent in Q3/2020. Economic conditions weakened in Q4/2020 as some states were placed under Conditional MCO (CMCO) in mid-October 2020, with travel restrictions imposed on inter-district and inter-state travel. Unemployment improved somewhat to 4.8 percent in December 2020, according to the Department of Statistics Malaysia (DOSM).

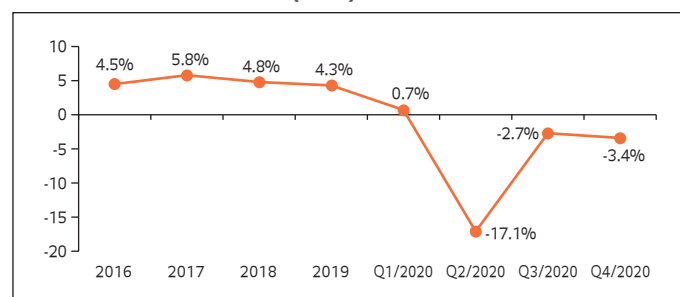
Malaysia's Consumer Price Index (CPI) recorded 120.6 points in December 2020, declining by 1.4 percent year-on-year (Y-o-Y). This was also the ninth (9th) consecutive month of negative inflation rate since March 2020, reflecting weaker consumer demand. Transport, housing, water electricity, gas and other fuels, clothing and footwear are amongst the key contributors towards the negative growth of inflation rate.

The Consumer Sentiment Index (CSI) remained stable at 85 points in Q4/2020 after recovering from 51 points in Q1/2020, mainly due to improvement in income and job outlook given that most of the economic activities had resumed. A similar trend was observed for the Business Conditions Index (BCI), which recorded an improvement to 115 points in Q4/2020 from 61 points in Q2/2020. The boost in business confidence was attributed to an increase in new domestic orders as well as new export orders.

The Overnight Policy Rate (OPR) was adjusted four (4) times in 2020 to a record low of 1.75 percent in July 2020 and maintained at the same rate as at January 2021. Bank Negara Malaysia (BNM) stated that the reduction in OPR was to provide additional stimulus to accelerate the pace of economic recovery. Corresponding to the OPR, both averages of base lending rate and base rate were on a declining trend since early 2020. The average BLR declined to 5.49 percent in December 2020 (December 2019: 6.71 percent) whilst the average base rate settled at 2.43 percent in December 2020 (December 2019: 3.68 percent). The low interest rate environment is expected to induce more spending and facilitate economic recovery.

In February 2021, BNM stated that the country's economic condition is expected to recover underpinned by overall improvement in global demand, coupled with the rollout of vaccines through the National Vaccination Plan that will drive the recovery of both business and consumer sentiments. It was reported that the central bank is re-assessing the country's economic condition, on the initial projection of 6.5 percent to 7.5 percent growth for year 2021 in November 2020, in response to several new developments, including the implementation and extension of MCO to contain rising COVID-19 cases as well as the development of vaccination plans. The World Bank forecasted the GDP growth of Malaysia for 2021 to range between 5.6 percent and 6.7 percent, along with other economies globally, with the progressive deployment of vaccine in most countries, that will subsequently improve consumption worldwide.

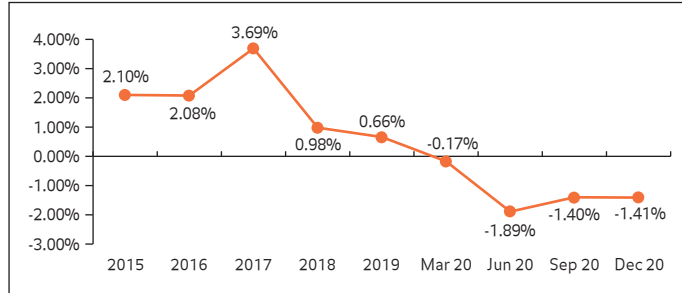
Gross Domestic Product (GDP) Growth



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

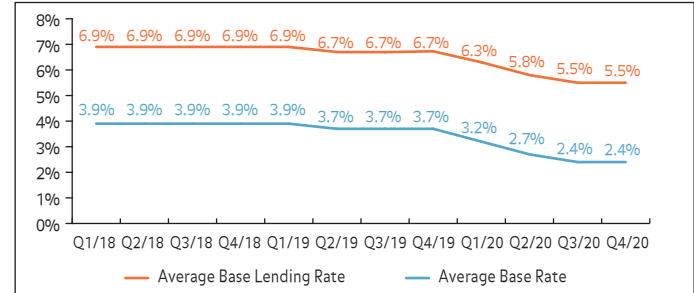
Market Review and Outlook

Consumer Price Index (Y-o-Y Changes)



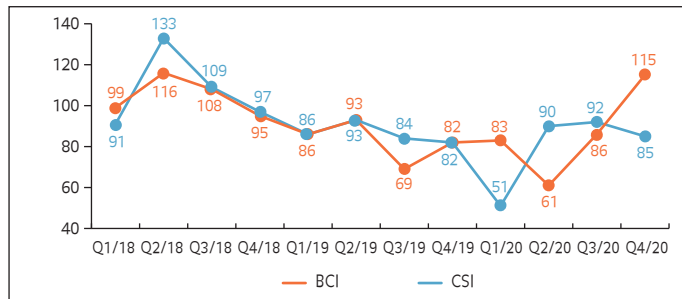
Source: DOSM, BNM

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



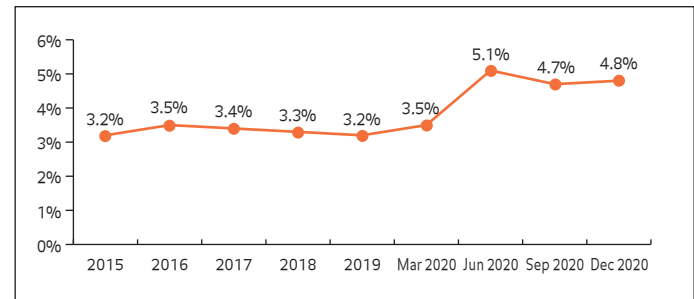
Source: BNM

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



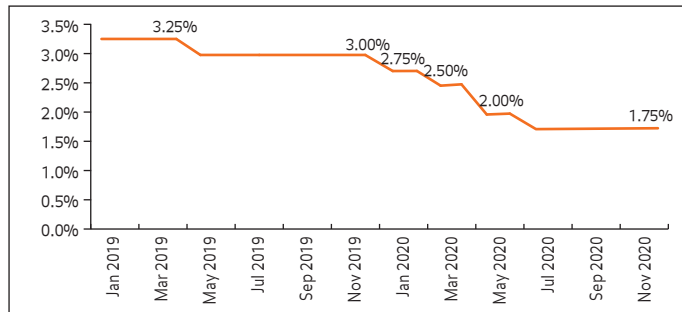
Source: Malaysian Institute of Economic Research (MIER), Savills Research

Unemployment Rate



Source: DOSM

Overnight Policy Rate (OPR)



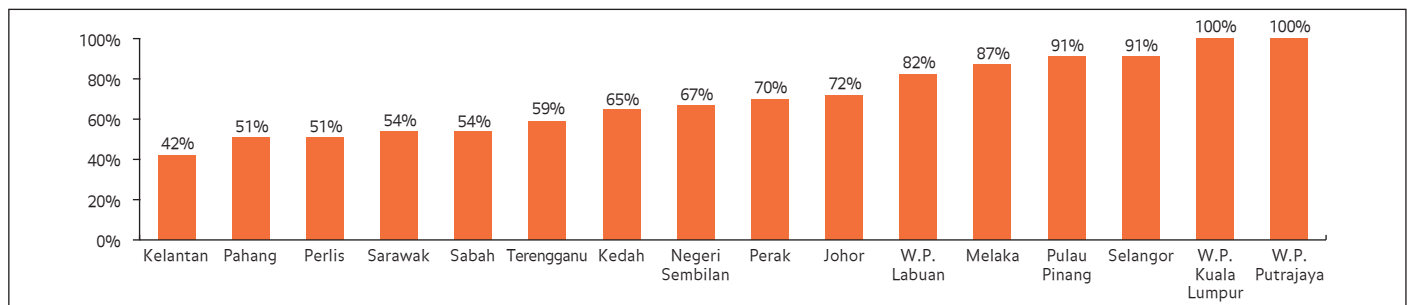
Source: BNM

RESIDENTIAL PROPERTY SECTOR

MARKET OVERVIEW

Malaysia: Urbanisation Rate

The number of urban populations in Malaysia has grown from 26.8 percent in 1970 to 71.0 percent in 2010. It is forecasted that the urbanisation rates will increase to 76.6 percent in 2020 and 88.0 percent in 2050. Based on the latest available data from population distribution and basic demographic characteristics report 2010 by DOSM, which is a report produced every 10 years, the country's urbanisation rate was 71 percent as at 2010. Both Kuala Lumpur and Putrajaya achieved 100 percent level in urbanisation, while 91 percent of population in Penang and Selangor reside in urban areas. Negeri Sembilan ranked ninth, with 67 percent urbanisation rate.



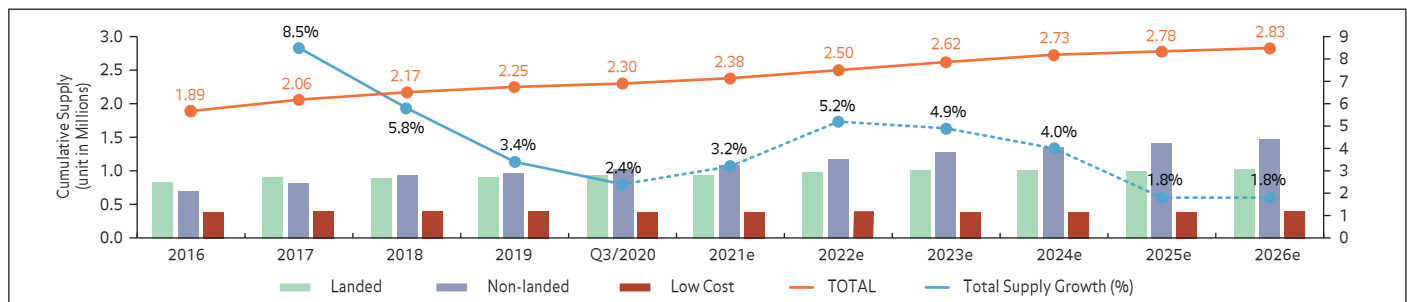
Source: DOSM, Savills Research

EXISTING & FUTURE SUPPLY

Greater Kuala Lumpur (Greater KL)

The statistics from National Property Information Centre (NAPIC) showed that the cumulative supply of residential properties (including SOHO and Serviced Apartment) in Greater KL was about 2.30 million units in Q3/2020. The ratio of landed residential units, non-landed residential units and low-cost housing units in the Greater KL was about 39.5 percent, 43.8 percent and 16.7 percent, respectively. The landed residential units consist of terraces, semi-detached, detached, and cluster homes. The non-landed residential units include townhouses, flats, condominiums, apartments, SOHO and serviced apartments while low-cost houses and low-cost flats are categorised as low-cost housing units.

Greater KL: Cumulative Residential Supply (including SOHO & Serviced Apartment)



Source: NAPIC, Savills Research

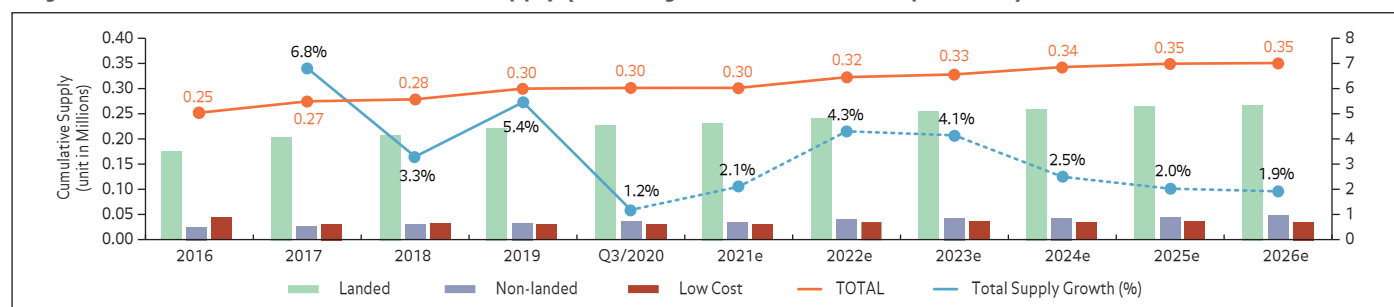
As at Q3/2020, the future residential supply (a combination of incoming and planned supply) stood at approximately 530,000 units in the Greater KL. The incoming and planned supply were 280,000 units and 250,000 units, respectively. Assuming that the incoming supply will be ready within 4 years and the planned supply within 6 years, the cumulative residential supply in the Greater KL will reach 2.83 million units by 2026. The chart indicates that the non-landed residential category will be leading up future supply, in line with changing trends and high levels of urbanisation in Greater KL.

Market Review and Outlook

Negeri Sembilan

The cumulative supply of residential properties (including SOHO and Serviced Apartment) in Negeri Sembilan was about 300,000 units in Q3/2020. However, the ratio of landed residential units, non-landed residential units and low-cost housing units in Negeri Sembilan is very different when compared to Greater KL i.e. 74.9 percent, 12.9 percent and 12.1 percent, respectively.

Negeri Sembilan: Cumulative Residential Supply (including SOHO & Serviced Apartment)



Source: NAPIC, Savills Research

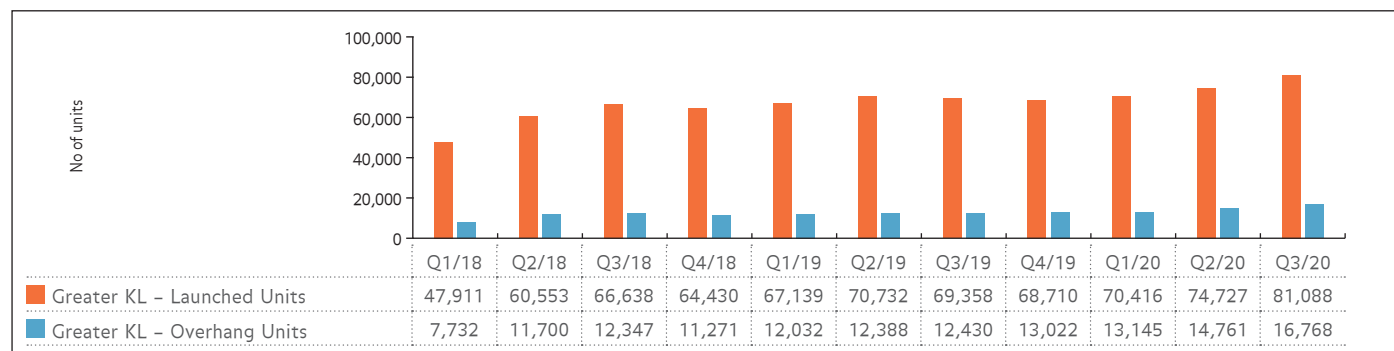
As of Q3/2020, the future residential supply in Negeri Sembilan is estimated at about 54,500 units. These incoming and planned supply stood at 20,800 units and 33,700 units, respectively. Assuming that the incoming supply will be ready within 4 years and the planned supply within 6 years, the cumulative residential supply in Negeri Sembilan will be about 350,000 units by 2026. The landed residential units will remain dominant in the future, making up about 75.1 percent of the total future supply.

RESIDENTIAL PROPERTY OVERHANG

Greater Kuala Lumpur (Greater KL)

In Greater KL, overhang residential units continued to increase to 16,768 units as at Q3/2020, which accounted for 21 percent of 81,088 launched units. This is an increase of 14 percent compared to the preceding quarter, and 35 percent compared to a year ago. The increase of overhang units was attributable to the mismatch of supply and demand, coupled with subdued market activity from the implementation of the MCO by the Government as efforts to contain the pandemic, which saw the closure of sales galleries and restriction in viewing activities.

Greater KL: Residential Properties Overhang

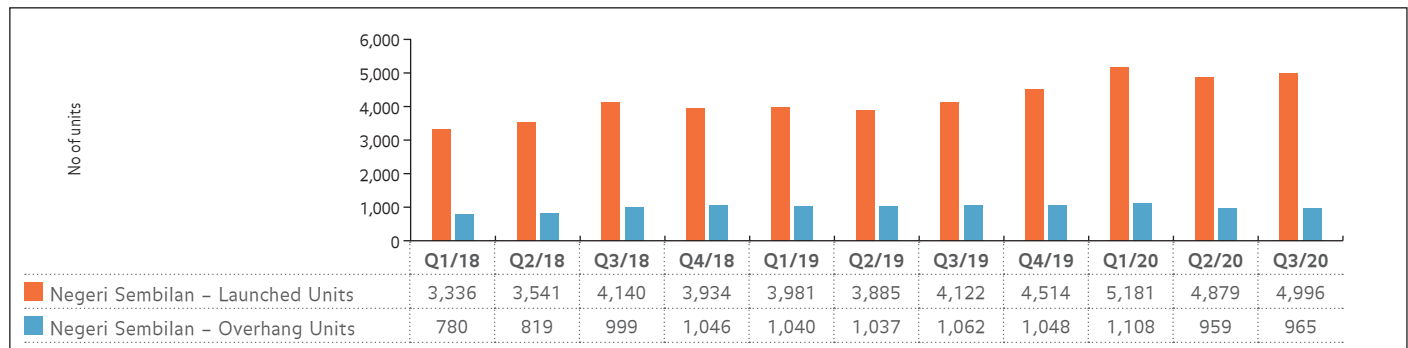


Source: NAPIC, Savills Research

Negeri Sembilan

In Negeri Sembilan, property overhang situation eased in Q3/2020, and recorded 965 unsold residential units (19 percent of 4,996 launched units). This represented a marginal increase of 1 percent quarter-to-quarter and decrease of 9 percent year-on-year, due to limited new residential schemes completion recorded in the first nine months of 2020.

Negeri Sembilan: Residential Properties Overhang



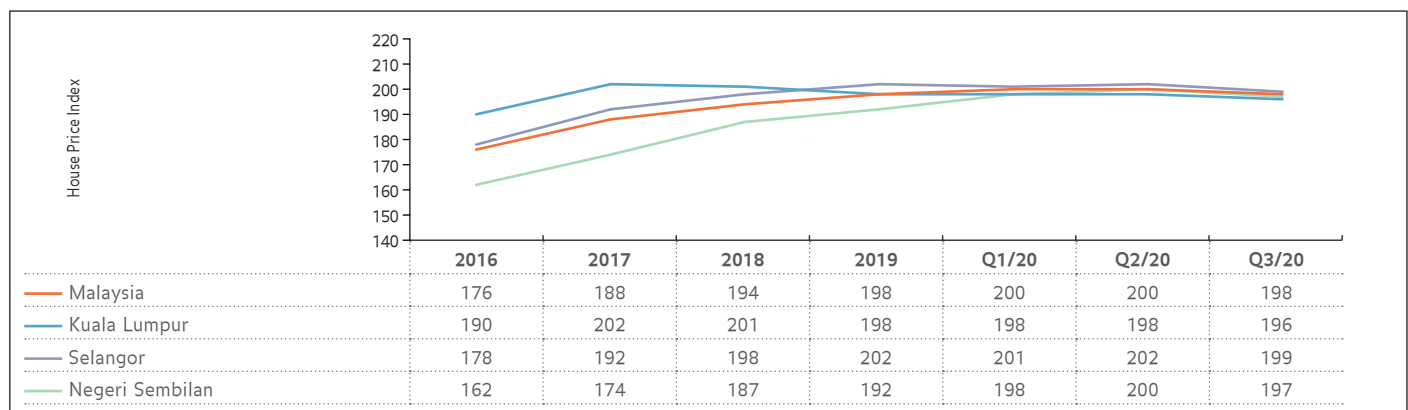
Source: NAPIC, Savills Research

MALAYSIA HOUSE PRICE INDEX

The Malaysian House Price Index for all type of houses recorded 197.8 points in Q3/2020, slightly lower than Q3/2019 which was 199.5 points. The growth of house prices reached its peak with double digits growth between 2012 to 2014 and since then moderated to around 6 percent to 7 percent until 2017 where only marginal movements were recorded.

A downward year-on-year trend was observed for Kuala Lumpur and Selangor. In Kuala Lumpur, All House Price Index for Q3/2020 was 195.6 points, down by 1.5 percent compared to 198.5 points a year ago. All House Price Index in Selangor was 204.3 points back in Q3/2019, depicting a contraction of 2.6 percent to 199.0 points in Q3/2020. On the contrary, Negeri Sembilan recorded slight positive movement for the state All House Price Index, which increased from 192.2 points in Q3/2019 to 196.5 points in Q3/2020, representing an increase of 2.2 percent year-on-year.

House Price Index



Source: NAPIC, Savills Research

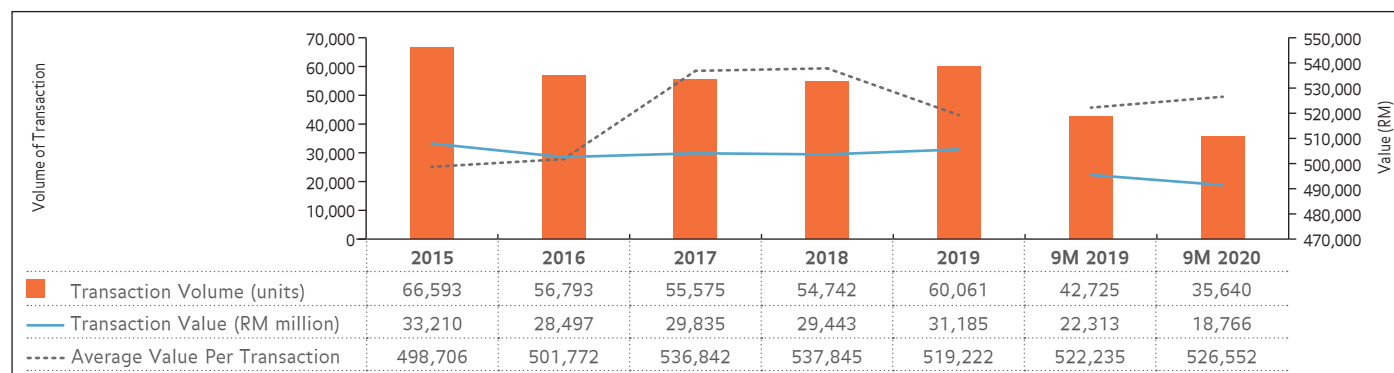
Market Review and Outlook

TRANSACTION VOLUME & VALUE

Greater Kuala Lumpur (Greater KL)

Residential market activities in Greater KL regained some momentum in 2019, with transaction volume improving by 9.0 percent and transaction value increasing by 4.2 percent, on the back of the Government's efforts in granting a year-long Home Ownership Campaign (HOC). As at Q3/2020, Greater KL recorded 35,640 residential transactions worth a total value of RM18.8 billion. The overall residential property market activity was lackluster in 9M/2020, with both transaction volume and value falling by 16.6 percent and 15.9 percent respectively, as compared to 9M/2019. However, the average value per transaction remains resilient at about RM527,000 per transaction, marginally increasing by 0.8 percent year-on-year.

Greater KL: Residential Transaction Volume & Value

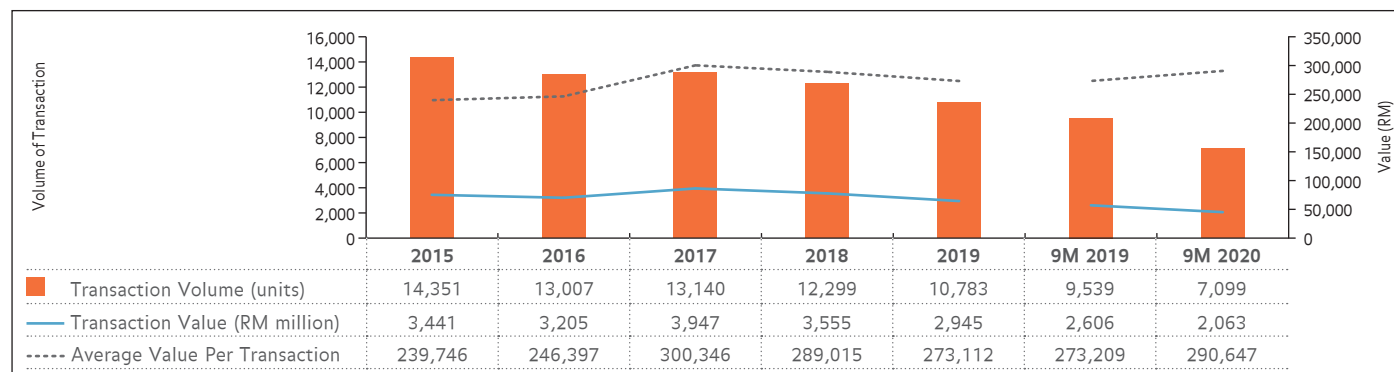


Source: NAPIC, Savills Research

Negeri Sembilan

Residential transaction volume in Negeri Sembilan for 9M/2020 contracted by 25.6 percent while the transaction value declined by 20.8 percent compared to the previous year. The average value per transaction in Negeri Sembilan recorded a better performance of 6.4 percent to about RM291,000 per transaction compared to about RM273,000 per transaction in 2019.

Negeri Sembilan: Residential Transaction Volume & Value

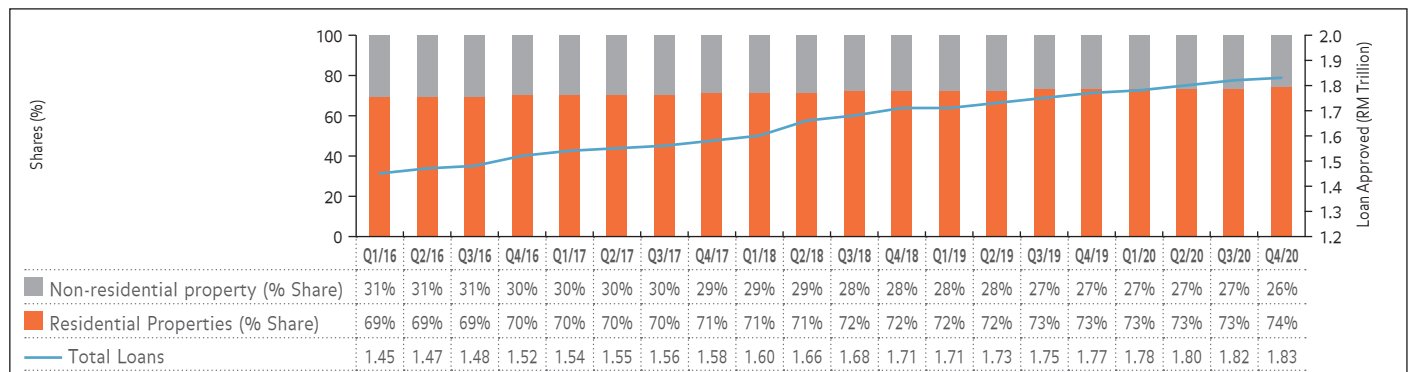


Source: NAPIC, Savills Research

MALAYSIA: LOAN APPROVAL RATE

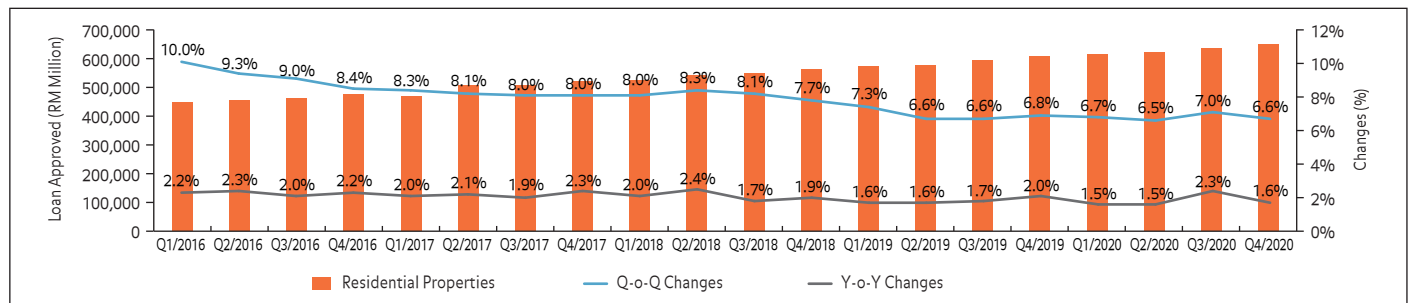
In Q4/2020, the total loans approved stood at RM1.83 trillion (including personal loans, car loans, etc.), of which approximately 47.8 percent are loans approved for purchases of properties, amounting to RM875 billion. This represented an increase from 44.7 percent in Q1/2016 to 47.8 percent as at Q4/2020. Out of the approved property loans, approximately 73.9 percent was for residential properties, valued at RM646 billion whilst 26.1 percent was non-residential properties, valued at RM229 billion.

Total Property Loans Approved



Source: BNM, Savills Research

Residential Loans Approved



Source: BNM, Savills Research

MARKET OUTLOOK

As the fear of economic recession mounted, sales activities in both primary and secondary markets are expected to slack further in the next 6 months upon the cessation of the loan repayment moratorium, which has since been extended for borrowers in need. Homeowners may have found servicing home loans increasingly challenging, with a dwindling job market outlook ahead, and potentially leading to rising forced sales properties. Henceforth, property prices will still be under pressure moving into 2021, however well-cushioned by the low interest rate environment.

On the development front, developers are expected to adopt pragmatic approaches by taking on a more conservative stance on new launches as the economy braces for a challenging time ahead. Lower entry costs will be an integral part of the sales package in boosting sales, given that households are becoming more vigilant with their spending with a slow job market outlook.

Market Review and Outlook

On the flip side, inadequacies experienced by people during lockdown have prompted homeowners towards more emphasis on living space quality as well as convenient access to facilities and amenities. Furthermore, as infrastructure developments such as MRT 2 and LRT 3 are targeted to be in place in the short term, this opens up alternative access for people to commute from the suburbs to the city. Demand towards landed housing is expected to spike up when the domestic economy regains its momentum in 2021/2022, including the master-planned townships located in the growing suburban region such as Sepang, Semenyih, Puncak Alam, Sungai Buloh, Shah Alam, Rawang, and Nilai.

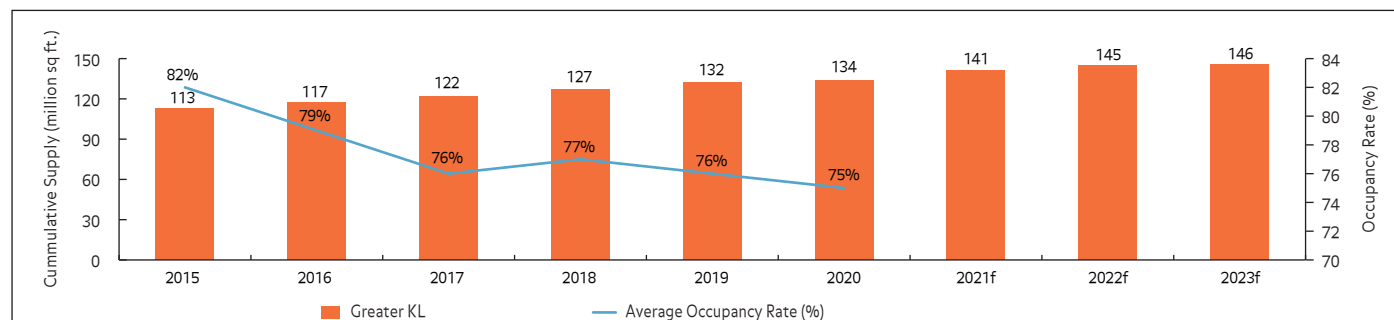
OFFICE PROPERTY SECTOR

MARKET OVERVIEW

Office supply in Greater KL continued to increase albeit at a slower pace of 1.3 percent year-on-year, with 1.77 million sq ft. office space entering the market, thus recording a total of 134 million sq ft. of office space as at Q4/2020. Completion of several office developments were delayed, mainly due to MCO implemented throughout the country since March 2020 and construction restrictions. Moving forward, the market is expecting approximately 12 million sq ft. of new supply coming on stream in the next 3 years, with an average of 4 million sq ft. space per annum entering the market, slightly less than the 5 million sq ft. per annum seen over the past decade.

The average occupancy rate in Greater KL has been on a downward trend since 2014, to 75 percent as at Q4/2020. The falling occupancy was attributable to a high supply growth and lower-than-average office demand.

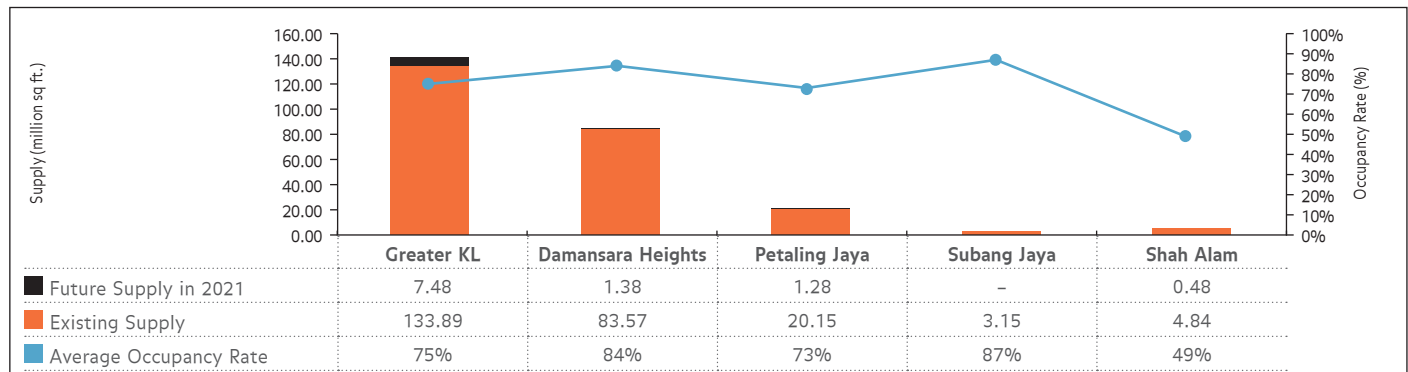
Cumulative Supply of Office Space in Greater KL



Source: Savills Malaysia

As at Q4/2020, average occupancy rates for office buildings in Damansara Heights recorded above average performance of 83.70 percent. Competition in this locality is expected to intensify with another 1.38 million sq ft. office spaces due to enter the market by 2021. In Selangor, office spaces in Subang Jaya recorded an average 87 percent occupancy rate, followed by Petaling Jaya at 73.4 percent and Shah Alam at around 49.2 percent. Average gross asking rents remained resilient since 2019 with no movements.

Office Supply and Average Occupancy Rate in Greater KL and Suburbs



Source: Savills Research

There were 5 major office transactions in 2020. Three of them were related party transactions between sponsors to the Real Estate Investment Trusts (REITs) which included Menara Guoco in Damansara City, The Pinnacle Sunway in Sunway City, and UOA Corporate Tower in Bangsar South. The other two office buildings were acquired by non-REITs, which included Menara MIDF in KL City, and Menara VSQ 1 in PJ City. All these office buildings registered high occupancy rate of at least 90 percent. The transacted prices for these office buildings ranged from RM780 psf to RM1,043 psf.

MARKET OUTLOOK

The Greater KL office market has been weak, even before the global outbreak of COVID-19. Supply continued to outpace demand, resulting in the decline in average occupancy rate to 75 percent in Q4/2020 from the highest point of 87 percent in 2014. The average rental rate has remained flat in the last decade, in a clear tenant's market. This situation is expected to persist for the next 3 to 4 years, as the incoming supply is anticipated to remain higher than historical absorption.

The obvious impact derived from the pandemic is perhaps the acceleration of remote working trends and fast-tracked digital adoption in workspaces. As most companies have been forced to adapt to remote working and physical distancing rules, it is anticipated that the office footprint is unlikely to change in the short to medium term.

Further, the office decentralisation trend is expected to sustain, as some large corporations begin to adopt the "hub and spoke" approach at non-core office locations. The presence of more localised multi-offices will allow employees to work with the right tools and equipment closer to their homes, hence reducing commuting times. There also appears to be medium-term opportunities for "Third Space" options, such as flex space or serviced offices, with the flexibility of employees to work from anywhere.

As Greater KL entered MCO 2.0 along with other states in January 2021, we expect leasing activity to continue to remain subdued not just due to uncertainty in economic conditions, as well as what the future of the office may look like post-COVID. These factors have led to many companies putting their near-term expansion plans on hold. Companies are preserving cash flow, with the bulk of ongoing leasing activity being driven by absolute necessity or downsizing, i.e. the potential for savings. Henceforth, the office market is likely to remain soft in the short term amidst weakening demand.

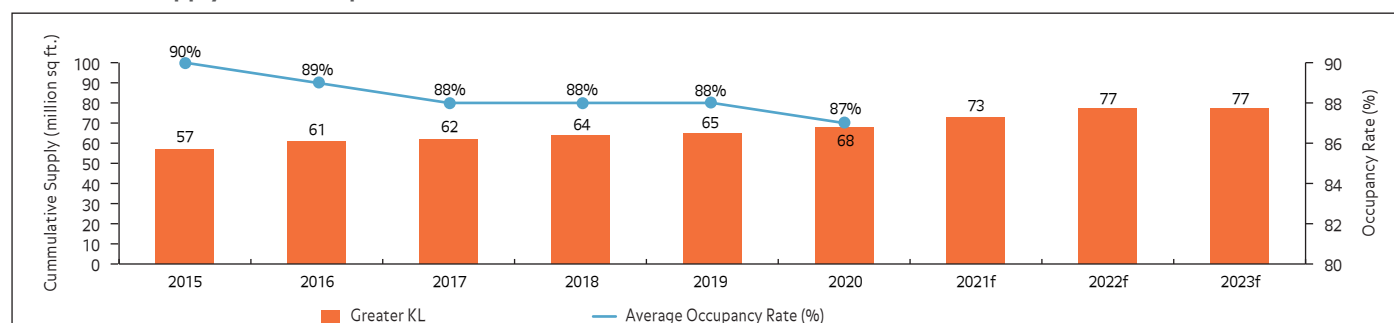
Market Review and Outlook

RETAIL PROPERTY SECTOR

MARKET OVERVIEW

Completion of five (5) retail malls in 2020 brings the total retail supply in Greater KL to about 67.6 million sq ft. of NLA as at Q4/2020. The average occupancy rate dropped marginally to 86.7 percent, with retail malls in prime location continuing to remain popular and altogether exhibiting more resilience under the market uncertainties, with multiple new stores opening during Q4/2020. Non-prime retail malls faced greater difficulties and saw noticeable decreases in occupancy rates due to business closures. In the next three years, Greater KL is expected to see another 9.47 million sq ft. of retail space coming on stream, with the bulk of it (57 percent) scheduled for completion in 2021.

Cumulative Supply of Retail Space in Greater KL

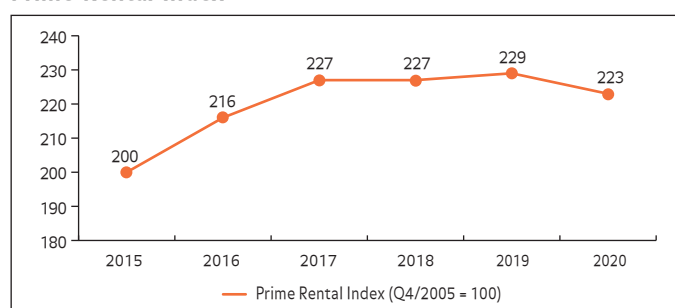


Source: Savills Research

The prime retail rental index remained resilient at 223 points in 2020 (2019: 229). This prime base rent is purely based on new leases being signed, since there have been several retailers that have either closed business or did not renew certain leases due to the impact of the COVID-19 pandemic. The prime base rent has seen a slight drop between 5 percent and 10 percent in the offer rate for new leases in some prime malls, especially for larger format retailers and some new-to-market international brands.

Prime rents for malls in KL City such as Suria KLCC and Pavilion KL peaked at RM220 per sq ft. per month and RM110 per sq ft. per month, respectively. In the suburbs, 1Utama and Sunway Pyramid recorded peaks at RM55 per sq ft. per month, whereas Mid Valley Megamall reached RM90 per sq ft. per month.

Prime Rental Index



Note: The malls that are included in the sample are the top performing malls i.e., Suria KLCC, Pavilion KL, Mid Valley Megamall, The Gardens Mall, 1Utama, Sunway Pyramid

Average rental rate of a few selected retail lots located on the ground or concourse floor i.e., whichever floor receives the highest level of traffic within a mall

Source: Savills Research

MARKET OUTLOOK

The retail market is still recovering from the fallout of COVID-19. However, the continued rise in the COVID-19 cases, especially in retail malls, may hinder the recovery process. Sectors with a stronger online presence such as fashion may see a slower return considering the shift in consumer behaviour to online sales. Pent-up demand is expected in 2021, be it for dining or retail if the situation is under control. Retail offers a social experience that online cannot; hence there is bound to be recovery and some amount of revenge shopping and dining.

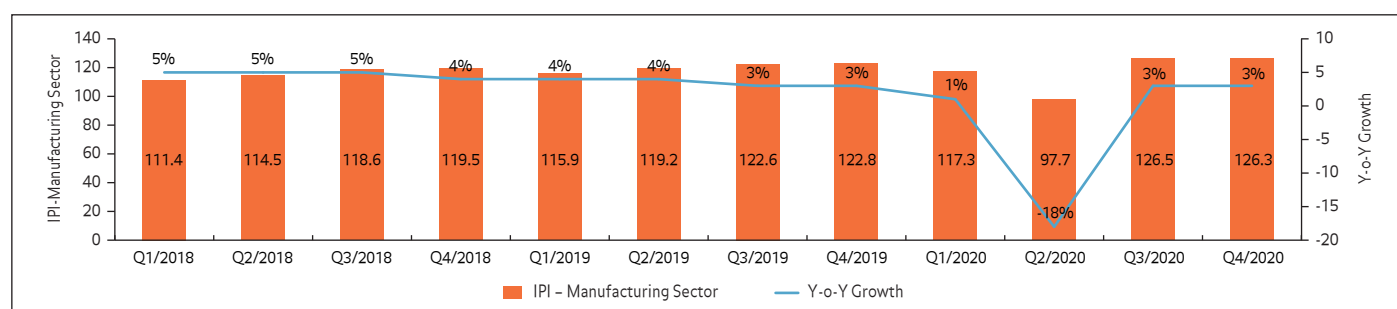
Before the pandemic, retail market competition was intense, with as much as 9.47 million sq ft. of incoming supply in the next three years. There is a dilution of tenant mix and duplication of brands as mall developers are vying for the same set of retailers, resulting in a market with many malls that are too similar. New malls will need a sustainable format to thrive in this challenging market environment.

It is worth noting that well-managed retail malls with the right positioning and tenant mixes are expected to fare well. Localities such as Setapak and Taman Melawati with a ready and mature population catchment alongside with limited future supply will have minimal downside risks.

INDUSTRIAL PROPERTY SECTOR

MARKET OVERVIEW

As at Q4/2020, the manufacturing sector's industrial production index has generally improved, registering at 126.3 points, which is 3 percent year-on-year increase after a sharp fall in Q2/2020. The index fell below the 100 threshold in Q2/2020, settling at 97.7 point, a decrease of 18 percent year-on-year, which is largely attributed to the enforcement of MCO which restricted the operation of most manufacturing industries until May 2020.

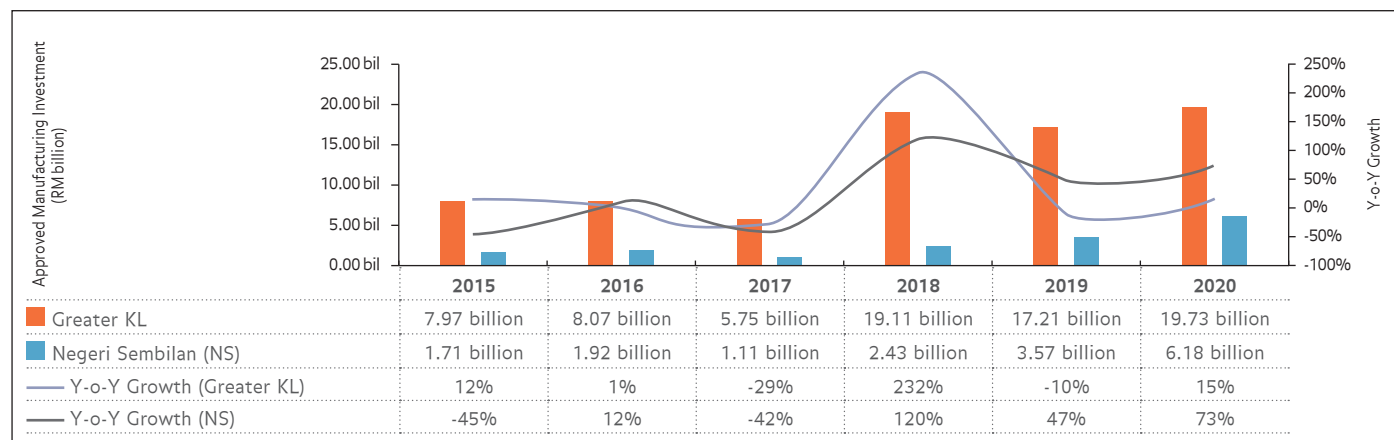


Source: DOSM, Savills Research

APPROVED MANUFACTURING INVESTMENT

Approved manufacturing investments in Greater KL and Negeri Sembilan recorded an increase for the year 2020 amidst the challenging global economies arising from the pandemic. In 2020, total investment in Greater KL stood at RM19.73 billion while Negeri Sembilan secured RM6.18 billion of approved manufacturing investments, which represented approximately 21 percent and 7 percent of the total investments in the country.

Market Review and Outlook



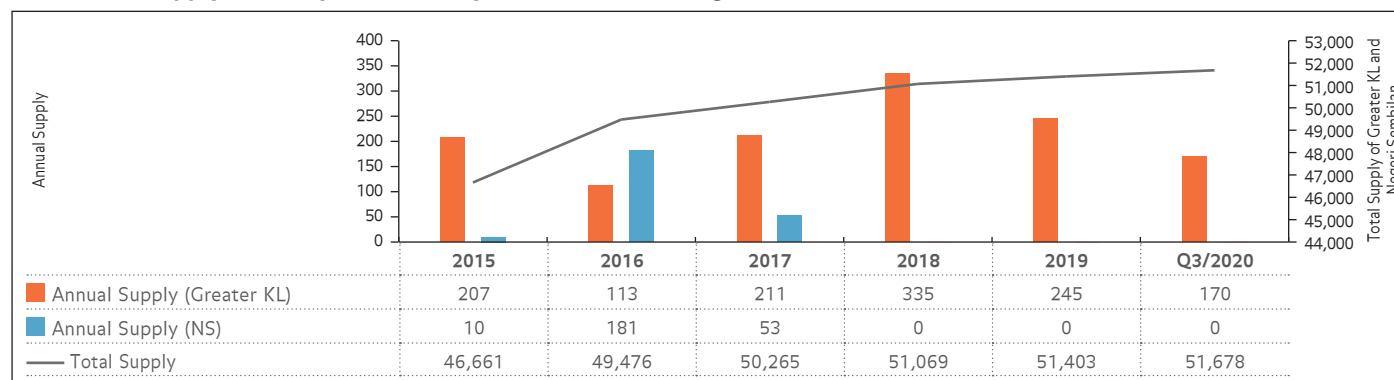
Source: MIDA, Savills Research

CUMULATIVE SUPPLY OF INDUSTRIAL UNITS IN GREATER KL & NEGERI SEMBILAN

Cumulative supply of industrial in Greater KL and Negeri Sembilan was 51,678 units as at Q3/2020, with the bulk of the supply located in Selangor (79 percent, 40,968 units), followed by Negeri Sembilan (11 percent, 5,524 units) and Kuala Lumpur (10 percent, 5,138 units). Supply growth of industrial units was driven by new completions in Selangor only, with an average of 250 units completed since 2018.

Moving forwards, supply growth will be driven by industrial developments in Selangor and Negeri Sembilan. In Selangor, future supply (incoming & planned supply) recorded at 2,982 units, with 44 percent in Klang, and 2 percent in Sepang. In Negeri Sembilan, a total of 89 units of ready-built factories are in the pipeline and 621 units under planning, with the bulk of these units in Seremban.

Cumulative Supply of Ready-Built Factory in Greater KL & Negeri Sembilan



Source: NAPIC, Savills Research

BUILT-TO-SUIT (BTS) DEVELOPMENT

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

There are both advantages and disadvantages of BTS developments. On the tenant's front, the BTS arrangement will enable preservation of capital for 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 requirement of the tenant, 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 in view of 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 to 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 towards their business needs in the long term.

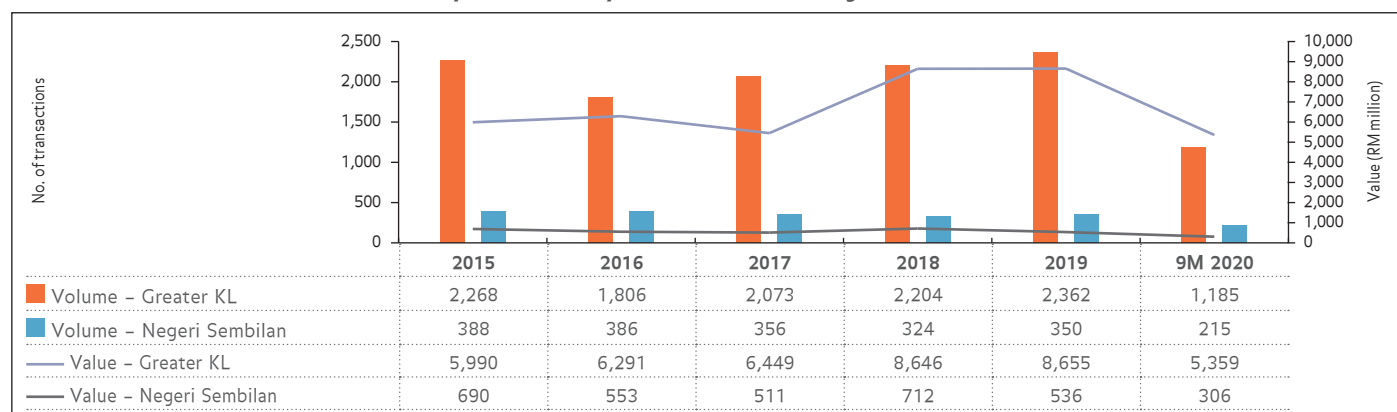
In Greater KL, there are few notable incoming BTS industrials such as Bandar Bukit Raja Industrial Gateway, The COMPASS at Kota Seri Langat and AXIS Mega Distribution Centre Phase 2. As for Negeri Sembilan, there is no notable completed BTS development in Negeri Sembilan as of now.

TRANSACTION VOLUME & VALUE

Market trade activity for 2020 was generally slow, impacted by the COVID-19 pandemic. Transaction volume and value of ready-built industrial units contracted significantly in 9M/2020, for both Greater KL and Negeri Sembilan.

Greater KL recorded 11,898 ready-built factories transactions with a total value of RM41.4 billion during the period of 2015 to Q3/2020. Out of this, Klang accounted for 25 percent (3,005 transactions), averaging at around 523 transactions per annum. Only 4 percent of the industrial transactions came from Sepang (451 transactions), translating to an average of 78 ready-built factories changing hands per annum from 2015 to Q3/2020. During the same period, Negeri Sembilan recorded 2,019 transactions valued at RM3.31 billion, with the bulk of them (79 percent, 1,600 transactions) in Seremban.

Transaction Volume and Value of Ready Built Factory in Greater KL & Negeri Sembilan



Source: NAPIC, Savills Research

Market Review and Outlook

LOGISTIC SUBSECTOR

Savills Research notes that there are at least 43.0 million sq ft. of warehousing/logistic space in Greater KL, as at Q4/2020, mainly concentrated in Klang and Shah Alam. These warehouses/logistics hubs are located in proximity to prominent suburbs such as Puchong, Subang/USJ, Shah Alam, and are mainly owned by Real Estate Investment Trusts (REITs) and Third-Party Logistics (3PL) players.

In Klang, most of the spaces are owned by 3PL players and individual manufacturers. Freight management and transshipment of goods are comparatively convenient here owing to proximity to seaports.

Growth of average asking rents for spaces in Shah Alam and Klang have tapered off since 2018. As at Q4 2020, the gross asking rents in Shah Alam ranged from RM1.80 to RM2.00 psf, while Klang recorded a slightly lower asking of at between RM1.50 to RM1.80 psf.

In Negeri Sembilan, there are less warehousing/logistic space compared to Greater KL. The identifiable warehousing/logistic space as at Q4/2020 is at least 2 million sq. ft., mainly concentrated at Nilai and Seremban. Most of the warehouses/logistics hubs are owned and operated by the owners.

Nilai is one of the most popular locations in Negeri Sembilan, with convenient access to the airport. This enables 3PL players and individual manufacturers to transport their goods and shipments quickly to the Kuala Lumpur International Airport (KLIA), which is approximately a 25-minute driving distance away.

With prime industrial parks in the central region of Greater KL reaching maturity, the scarcity of land will lead towards a higher price and rent. Thus, it is anticipated that there will be a shift of demand to both Northern and Southern parts of Greater KL that still command comparatively affordable rental. There will be a spillover effect to Nilai, where the location is in proximity to the southern part of Greater KL. As at Q4 2020, average asking rents for warehouses in Nilai is about RM1 psf.

MARKET OUTLOOK

The prospect of the industrial property subsector remains positive, supported by high demand from both occupiers as well as investors. Indeed, many new industrial properties are reportedly enjoying brisk sales upon their launches. The disruptions to the supply chain due to the COVID-19 pandemic have made manufacturers and retailers reconsider their supply chain management to future-proof against any uncertainties. It is expected that local and multinational manufacturers will begin to adopt the geographical diversification strategy to diversify their production and storage bases. This may benefit the industrial property developers. Furthermore, the Government also introduced tax incentives to attract overseas manufacturers, under the Economic Recovery Plan (PENJANA) announced in 2020.

Going forward, the industrial property subsector in the country will be continuously backed by the following:

- The rapid growth of e-commerce businesses which support demand for fulfilment centres, warehousing and logistics facilities. According to the latest information from the DOSM, income through e-commerce transactions recorded an annual growth rate of 6.0 per cent, from RM398.2 billion in 2015 to RM447.8 billion in 2017. Whereas expenditure on e-commerce transactions recorded an annual growth rate of 8.3 per cent with a value of RM228.8 billion in 2017 as compared to RM195.1 billion in 2015. Prior to the onset of pandemic, the Malaysian e-commerce was expected to grow at 11 percent Compound Annual Growth Rate (CAGR) between 2015 and 2020 based on A.T. Kearney projections. Further in September 2020, GlobalDaTa's E-commerce Analytics reported that the country e-commerce market is estimated to register 24.7 percent growth in 2020, with CAGR of 14.3 percent between 2020 and 2024.
- Increasing demand for distribution centres by retailers as well as e-commerce players. There are more distribution centres setting up in Malaysia, especially in Greater Kuala Lumpur, attributing to its centralised location and great connections to key cities of various states. This is evident by the presence of major players such as Cainiao, Nestle, Zalora and IKEA.
- A strong local manufacturing sector which attracts investments and supports the demand for industrial properties. This is reflected in the approved manufacturing investments, which have been stable over the past few years. In 2019, Greater KL received a total of 327 approved manufacturing investments, amounting to RM17.2 billion.

KEY REGULATORY DEVELOPMENTS IN 2020

The government has introduced several initiatives in 2020 as efforts to stimulate the property market.

Regulation	Description
Reintroduction of Home Ownership Campaign (HOC) 2.0	The government reintroduced HOC 2.0 under the Short-Term Economy Recovery Plan (PENJANA) to stimulate the residential property market. The campaign will last between 1 June 2020 to 31 May 2021. Stamp duty exemption on the instrument of transfer and loan agreement for the purchase of residential properties between RM300,000 to RM2.5 million subject to at least 10 percent discount from developers. The exemption of instrument is limited to the first RM1.0 million
Exemption of Real Property Gain Tax (RPGT) for residential properties	Exemption of RPGT for disposal up to three residential properties per individual, effective from 1 June 2020 to 31 December 2021
Uplift of loan-to-value (LTV) for third housing loan during HOC period	Uplift of 70 percent LTV financing margin for the third housing loan onwards for properties valued at RM600,000 and above
Special incentives for manufacturing sectors under PENJANA	0 percent tax rate for 10 years for new companies in manufacturing sectors with capital investment between RM300 – RM500 million
	0 percent tax rate for 15 years for new companies in manufacturing sectors with capital investment more than RM500 million
	100 percent Investment Tax Allowance for existing companies in Malaysia relocating their facilities into Malaysia
	Special Reinvestment Allowance for selected manufacturing and agricultural activities from year of assessment ("YA") 2020 to YA 2022
Other Property and housing related incentives announced in Budget 2021	The approval of manufacturing license for non-sensitive industry within 2 working days
	First time homebuyers are eligible for full stamp duty exemption on instruments of transfer and loan agreement until 31 December 2025. The limit of stamp duty for the first residential home has increased from RM300,000 to RM500,000. The exemption is effective for sales and purchase agreement executed from 1 January 2021 to 31 December 2025.
	Stamp duty is exempted for rescuing contractors and original purchasers of abandoned projects certified by 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.
	RM1.2 billion is allocated to provide 14,000 house units under the Program Perumahan Rakyat, 3,000 units of Rumah Mesra Rakyat by Syarikat Perumahan Nasional Berhad, maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated houses and those damaged by natural disasters; and for Malaysia Civil Servants Housing Programme (PPAM).
	Government will work together with selected financial institutions on Rent-to-Own scheme involving 5,000 PR1MA houses and will be reserved for first-time homebuyers.

Market Review and Outlook

Regulation	Description
COVID-19 Bill	<p>The Bill provides modifications to the Housing Development (Control and Licensing) Act 1966 ("HDA 1966") as follows:</p> <ol style="list-style-type: none"> No late payment charges to be imposed on purchasers who fail to make instalment payments for the period 18 March 2020 to 31 August 2020 due to the measures taken under the Prevention and Control Infectious Diseases Act 1988; The period of 18 March 2020 to 31 August 2020 shall be excluded from the calculation of: <ol style="list-style-type: none"> The time for delivery of vacant possession of a housing accommodation; The liquidated damages for the failure of the developer to deliver vacant possession of a housing accommodation; The defect liability period after the date the purchaser takes vacant possession of a housing accommodation; and The time for the developer to carry out works to repair and make good the defect, shrinkages and other faults in a housing accommodation. <p>The Minister retains the discretion to further extend such periods upon application of the purchaser/developer. Besides, where a purchaser is unable to enter into possession of a housing accommodation during the period from 18 March 2020 to 31 August 2020, the purchaser shall not be deemed to have taken vacant possession. There is however, a saving provision in the Bill that provides that such amendments will not affect any legal proceedings commenced, or any judgment or award obtained, or payment made before the publication of the Act.</p> If the limitation period for the homebuyer to file a claim with the Tribunal for Homebuyer has expired during the period from 18 March 2020 to 9 June 2020, the homebuyer is entitled to file the claim from 4 May 2020 to 31 December 2020. <p>The Prime Minister may extend the operation of the Act by order published in the Gazette and such power to order for extension may be exercised more than once.</p> Under Section 35, protections are being provided to the developer against any claim by the purchaser for Liquidated Ascertained Damages (LAD) between 18 March 2020 and 31 August 2020. This also allows the developer to seek for an extension up to 31 December 2020.

Global Megatrends and Growth Opportunities for the Group



ECONOMIC POWER SHIFT

In favour of lower costs, producers are turning to countries in Southeast Asia as ideal producing nations. The cross-border division of labour is moving manufacturing activities to younger emerging markets, giving birth to a new generation of middle-class consumers.

From 2015-2030, emerging markets are expected to contribute 62 percent to global consumption growth¹, forming the global economy's main driver. Supported by a young and growing workforce, emerging-market consumers are defining future consumption trends. As production, incomes and consumption grow, the balance of power is shifting to emerging economies.

A generally open trade approach in the Asia-Pacific region characterised by free trade zones and multilateral cooperation in the past decades will sustain growth among its countries.

Response and Growth Areas

- Further expand product offerings in the industrial & logistics asset class to complement the existing product suite with long-term Built-To-Lease (BTL) facilities, either ready-built warehouses or Built-to-Suit facilities to cater to logistics hubs and industrial facilities in Klang Valley, Negeri Sembilan and Johor.
- Leverage on the expertise and network of international industrial players via strategic partnerships, e.g., joint venture between Sime Darby Property, Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. in Bandar Bukit Raja to develop a 39-acre industrial site.



RAPID URBANISATION

As the world population creeps towards a tipping point of 8.5 billion by 2030², the population growth pattern, especially in emerging economies, is set to engender rapid urbanisation. Malaysia itself is bracing for 90 percent of its population living in cities by 2050³.

The current trend of migration into cities will be replaced by an opposite trend – a dispersion of the urban population into satellite cities and new townships. The trend is spurred by a shift from centralisation to decentralisation, as digital technologies and innovative forms of the work economy allow access to freedom of movement.

A preference for suburban micro green cities, characterised by integrated and transit-oriented developments, is starting to encourage people-first designs, marked by thoughtful spaces and empowered communities.

Response and Growth Areas

- Address rising demand for property brought about by urbanisation land located in the suburbs or by urban regeneration of brown-field lands and diversifying high-density cores in Klang Valley and Negeri Sembilan.
- Focus on township and integrated developments that embed innovative lifestyle elements and transit-oriented/adjacent features which blend two or more components of residential, commercial, retail and industrial uses.
- Expand affordable residential collection in support of state and federal initiatives to address existing issues surrounding housing affordability.
- Adopt Divergent Dwelling Design (D3), an innovative building design to develop quality and affordable D3 Sustainable Homes that address communities' need for affordable housing solutions.

¹ <https://www.mckinsey.com/featured-insights/innovation-and-growth/outperformers-high-growth-emerging-economies-and-the-companies-that-propel-them#>

² <https://www.un.org/sustainabledevelopment/blog/2015/07/un-projects-world-population-to-reach-8-5-billion-by-2030-driven-by-growth-in-developing-countries/>

³ <https://www.theedgemarkets.com/article/90-malaysians-projected-be-living-cities-2050>

Global Megatrends and Growth Opportunities for the Group



CHANGING DEMOGRAPHICS

In tandem with the rising populations is an ageing population trend, especially in more advanced economies. In Malaysia too, where the country is transitioning from a middle to high-income nation, the population pyramid is changing to reflect lower birth rates and longer life expectancy.

By 2040, Malaysia's aged population is projected to reach 16.3 percent of the entire population⁴. Boomers are being replaced by millennials and Generation Z (Gen Z) in the workforce are growing into the biggest group of consumers.

Gen Z and millennials are living with their parents longer, giving rise to a demand for multi-generational homes. Millennial homeownership emphasises affordability, preferring compact design and convenience as well as brands with purpose. There is a confluence of rent-to-own business model along with co-living and co-working spaces as work-from-home arrangements become the new normal. Design aspects are yielding more to female consumers who increasingly wield decision-making power.

Response and Growth Areas

- Continue to act beyond a typical "build" and "sell" developer model to become a developer of sustainable communities with products catered for changing demographics.
- Venture into alternative products such as multi-generational homes, assisted-living facilities, and age-in-place to cater to the ageing population.
- Pilot the Elmina Grove project for multi-generational smart green homes, partnering with TNBX Sdn Bhd to fit all units with solar panels, smart meters and home energy management systems.
- Initiate digitalisation of club services and review of tenantable spaces to branded services, increasing membership population and lowering membership age to ensure sustainability in our leisure business.



DIGITALISATION, TECHNOLOGY & INNOVATION

The COVID-19 pandemic is accelerating the inevitable transition to digitalisation, forcing businesses to innovate and adapt. Innovations such as collaborative digital platforms and modular construction in the building sector is instrumental during this time to address concerns about safety and productivity.

In the private sector, smart systems utilising artificial intelligence, machine learning, and blockchain are being integrated into building design. The global smart home market alone is forecasted to reach almost USD176 billion by 2025⁵. Data connectivity and green or emerging technologies offer breakthroughs or opportunities in productivity gains, safety improvements, and cost reduction.

Much of the same technology is defining the public sphere, in areas such as healthcare services, hard infrastructure, transportation and mobility, energy and government systems, and even public health monitoring and management in the case of a pandemic.

Response and Growth Areas

- Harness the opportunity for digital transformation in a time of disruption:
 - Improve processes and systems to be more agile and allow for more efficient project management and collaborative digital platforms.
 - Continue enhancement of digital marketing channels and online customer experiences through application of new technologies.
- Offer innovative product differentiation such as smart home and sustainable features in our developments to create more liveability and enrich the lives of our communities.

⁴ <https://www.lppkn.gov.my/index.php/en/population-services/194-factsheet-malaysia-demographic-trends>

⁵ <https://www.statista.com/forecasts/887554/revenue-in-the-smart-home-market-worldwide>



INCREASED AWARENESS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS

Hampered by issues like climate change, workers' welfare, and resource inadequacy, ESG issues have firmly taken hold as prime concerns among the general public and the investor community. During the pandemic from April-June 2020, sustainable investment funds experienced net inflows of USD71.1 billion globally⁶.

Increasingly, investors and regulators (including Bursa Malaysia) are raising the bar on ESG requirements in their decision-making process, favouring high-performing companies that can prove their resilience against adverse ESG-related events such as COVID-19.

More pressure for brands to demonstrate corporate responsibility is prompting companies to realign their businesses with ESG priorities. In real estate, this requires mapping ESGs across the value chain, products and principles services, and applying circular economy and self-sufficiency into the business and communities. As the property and construction sector contributes significantly to global emissions, this presents an opportunity for companies to work towards carbon neutrality by aligning business targets with the Paris Agreement*. Besides improving workplace safety, opportunities manifest in efficient space management, resource-sharing, biophilic design, energy efficiency, and the use of renewable energy within the developers' space.

Response and Growth Areas

- Enhance our capacity to address issues relating to governance, institutional competency and efficiency, while considering the environment and society with a clear commitment to our shareholders and the 17 UN SDGs 2030.
- Support the Paris Agreement in reducing greenhouse gas emissions by gradually decarbonising our operations and products.
- Integrate long-term value creation in the Group's strategic plan to support and include strategies on ESG that underpin sustainability.
- Strengthen management and staff commitment to the Group's PRIME Corporate Core Values.

* Its goal is to limit global warming to well below 2, preferably to 1.5 degree Celcius, compared to pre-industrial levels.



IMPORTANCE OF HEALTHCARE SECTOR

Growth in global healthcare expenditure is estimated at an annual 5 percent from 2019-2023⁷, driven by the ageing population, advancements in science and technology, healthcare accessibility and affordability, and changing care structures.

Malaysia's rapidly ageing population is increasing the demand for aged care facilities with a focus on in-home smart security features and assisted care within proximity.

Health and wellness will underlie integrated developments that can support a high quality of life for the entire family unit.

Response and Growth Areas

- Embark on catalytic partnerships with healthcare providers, aged care facilities and pharmaceutical clusters across the Group's townships in Klang Valley, namely City of Elmina, Bandar Bukit Raja and Nilai Impian.
- Explore collaborative partnerships with healthcare providers on digital initiatives to improve healthcare accessibility and connectivity for our communities.

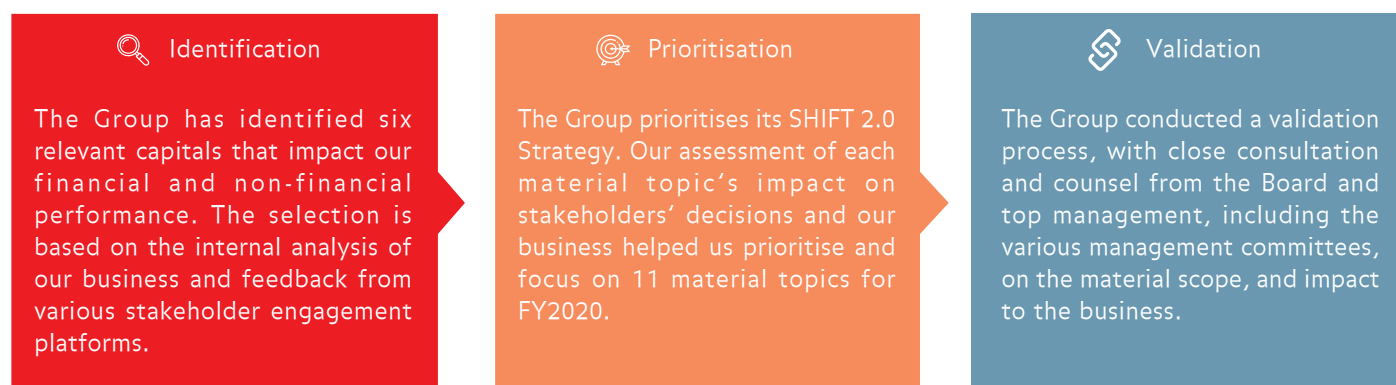
6 Bursa Malaysia: Sustainability agenda a key lesson from the pandemic | The Edge Markets

7 <https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>

Material Matters




Material matters impact Sime Darby Property's ability to create long-term value and influence how the Board and Management drive the Group forward.

MATERIAL MATTERS IDENTIFICATION PROCESS:






MANUFACTURED CAPITAL		
Our land bank, physical assets and technology, as well as our other business infrastructure, including flagship products, allow us to conduct business in a profitable yet sustainable manner		
Material Matter(s) and why is it important to Sime Darby Property: <ul style="list-style-type: none">Product delivery timeliness and quality to ensure customer satisfaction and improve brand credibility		
Risks and Opportunities:	Mitigation Strategies:	
<ul style="list-style-type: none">Customers’ needs and expectations of the quality of product delivery and timeliness affect our market approachesA volatile market that negatively influences cost and margins adds pressure to maintain product quality at lower marginsCOVID-19 outbreak has impacted the entire End-To-End global supply chainRelook at contracts and ways to improve/tighten the processesAdopt new and sustainable working practices, i.e. harnessing cloud services and collaborative digital platformsStrengthening good relationships with strategic partners to remain competitive	<ul style="list-style-type: none">Improving end-to-end customer experience by leveraging on technology and innovation to enhance service standardsBuilding and delivering defect-free products using quality management tools such as Quality Assessment System in Construction (QLASSIC)Improving speed to market and shortening the end-to-end development cycleConducted in depth analysis of supply chain activities to ensure optimum efficiency at every stage	
Key strategic priorities in FY2021:	How we create value:	How do we measure value creation?
<ul style="list-style-type: none">Achieve cost and operational efficienciesEmbark on digital transformation	<ul style="list-style-type: none">Appoint the right business partner for the right projectsEnsure the sustainability of supply and product quality for customersMinimise the risk of material supply shortage to avoid delay in construction progress	<ul style="list-style-type: none">Sellable high-quality products delivered to the marketInnovative products and solutionsService excellenceProduct quality and appreciationSocio-economic growthCustomer satisfaction



Capitals Impacted



Stakeholders Affected



Link to Strategy



FINANCIAL CAPITAL

Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cashflow to continue our operations and expand growth

Material Matter(s) and why is it important to Sime Darby Property:

- Financial and operational performance, including that of joint ventures and associates, to report and analyse the ongoing performance of the businesses for future strategic planning
- Financial budget to perform the forecasted Group's financial results in the upcoming financial period
- Successful strategic partnerships add value, improve brand awareness, and benefit the Group's various stakeholders
- Issuance of Sukuk Musharakah Programme to ensure sufficiency of funding lines

Capitals Impacted



Stakeholders Affected



Link to Strategy



Risks and Opportunities:

- Challenging global and local market conditions mainly due to the COVID-19 outbreak, prolonged recessionary phase of property sector, dampened consumer and business sentiment
- Tightening financial requirements, rising operating costs as well as more rebates and discounts given to clear unsold inventories continue to compress our margins and yield thinner profit
- Intensified competition in the absence of a strong push factor to reduce high supply in property thus prolonging overhang issues
- The need to continuously identify the right products at the right locations and price points to bridge the gap between market demand and supply
- The need to expand recurring income business to diversify and rebalance the Group's portfolio
- The continuous exploration for strategic partnerships or joint ventures to leverage on their expertise and resources to maximise returns

Mitigation Strategies:

- Expanding the Group's portfolio, particularly by growing recurring income business, accelerating new growth areas, transforming complementary businesses to value-added core property development business, increasing efforts to monetise low-yielding investment assets and enhancing our cost and operational efficiencies
- Conducted thorough analysis to replan launches and revisit pricing of new product launches and completed unsold units, and reduced misalignment with market needs and preferences amid the challenging environment
- Tapped into the Government's initiatives to accelerate sales performance
- Strategic review of joint ventures and rebalancing of the investment asset portfolio to enhance their value proposition and contribution to the Group
- Strategic review of landbank to unlock value

Key strategic priorities in FY2021:

- Diversification of income streams and launch of new growth areas with Industrial & Logistics Development as the new engine of growth
- Enhance complementary business segments and placemaking of townships, particularly in the Investment & Asset Management and Leisure segments
- Monetisation planning to intensify efforts in monetising low-yielding investment properties/assets, lands and unsold inventories
- Landbank management to unlock strategic value
- Preserve financial discipline through cash flow and inventory management as well as cost efficiency initiatives
- Improve organisational efficiencies and effectiveness

How we create value:

- Timely announcement of the Group's financial performance to keep stakeholders informed
- Financial budgeting & planning, market research as well as industry benchmarking in place to guide the Group in executing upcoming business operations
- Strategic partnerships allow the Group to access new markets and networks, specialised knowledge and expertise, and greater technology resources, thus expediting business processes and developments
- Sufficient funding in place is essential to financial management as it ensures adequate funding of ongoing and future developments

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 economic, environmental and social programmes to create sustainable communities

Material Matters

HUMAN CAPITAL

Human capital development initiatives include attracting and retaining talent, knowledge and skill base to improve the Group's competitive strength

Material Matter(s) and why is it important to Sime Darby Property:

- Occupational health and safety for a safe and healthy environment for various stakeholders
- People management to drive forward the Group's objectives

Risks 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 and compromised labour practices are areas that require close monitoring
- Changes to new working conditions and stress factors from work-from-home conditions can affect employees' productivity, as well as physical and mental well-being

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 such as GPA A.9, ESH Management Systems, Safety & Health Management Plan etc
- Launched Jalinan Nurani, a digital platform that helps employees and their immediate family members maintain mental health through coaching and tools

Key strategic priorities in FY2021:

- Improve organisational effectiveness
- Achieve cost and operational efficiencies

How we create value:

- Implement organisation strategies that effectively develop key people initiatives and programmes that promote people well-being, motivate employees, improve organisational practices as well as retain the new and existing workforce

How do we measure value creation?

- Succession pipeline
- Talent retention, mobility and growth
- Diversity for development
- Future-proof talent

Capitals Impacted



Stakeholders Affected



Link to Strategy



SOCIAL CAPITAL

Cultivating and partnerships with our wide network of stakeholders, including customers, employees, regulators and policy makers, community members, media and supply chain

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

Risks 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 a threat 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

Mitigation Strategies:

- Enhancing our Policies and Operating Procedures to meet compliance requirements while monitoring regulatory developments in areas where we operate
- Launch of healthy mix of products which include affordable homes of both high-rise and landed properties
- Ensuring consistent and clear corporate messaging

Key strategic priorities in FY2021:

- Launch new growth areas
- Improve organisational effectiveness

How we create value:

- Organised various community enriching programmes through the Sime Darby Property Volunteer Programme
- Introduced the #BERSAMA campaign which included initiatives such as #BERSAMA Let's Say Terima Kasih to thank frontliners, Hari Raya-themed activities, and #BERSAMA 2.0 Spotlight on Heroes which awarded every day heroes nominated by the public
- Constant engagements with various stakeholders

How do we measure value creation?

- Value partnerships
- Positive social impact

Capitals Impacted



Stakeholders Affected



Link to Strategy



NATURAL CAPITAL

Approximately 20,000 acres of land bank strategically located in highly connected growth corridors that continue to support the Group's current and future growth plans of expanding and strengthening our presence in all our focus markets while optimising environmental performance

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 impacts for People, Planet and Prosperity

Risks and Opportunities:

- Potential negative impact on land bank development, such as water security issues like water scarcity, unpredictable rainfall and/or flood events
- Negative effects on the environment and ecosystems due to externalities from the Group's operations and supply chain activities
- Opportunities include, amongst 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

Mitigation Strategies:

- Constant engagement with stakeholders in the value chain to communicate the Group's climate change strategy and adaptation plan
- Monitoring and driving operational eco-efficiency (i.e. water, waste, carbon emissions) while achieving reduction targets
- Trees replenishment initiatives and IUCN Red List Tree planting via standard landscaping and strategic collaborations with environmental specialist entities
- 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

Key strategic priorities in FY2021:

- Improve organisational effectiveness
- Sustainability awareness and education programmes
- Vendor engagement programs
- Enhancement of SUSDEX for the Leisure and Industrial & Logistic segments

How we create value:

- Established SDP 2030 Sustainability Goals and Green Sustainability KPI
- Strategic collaboration with external parties in addressing climate change and environment/biodiversity conservation

How do we measure value creation?

- SDP 2030 Sustainability Goals progress
- SUSDEX assessment
- 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

Capitals Impacted



Stakeholders Affected



Link to Strategy



INTELLECTUAL CAPITAL

Strong brand, market experience, domain knowledge, formidable network and intellectual property can enhance our capacity to innovate and strengthen our brand equity and reputation

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

Risks and Opportunities:

- Change and disruption in the business landscape, 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 FY2021:

- Embark on digital transformation
- Achieve cost & operational efficiencies

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

Capitals Impacted



Stakeholders Affected



Link to Strategy



Key Risks and Mitigation

During the financial year under review, the property development and leisure industry was hard-hit by the COVID-19 pandemic, which further exacerbated the already soft property market and weak economic sentiment. This pushed the Group to continuously adapt, re-evaluate, and re-strategise how business is conducted under such unique circumstances, especially when the Group's profitability and its employees' safety and well-being are at stake.

The ever-evolving regulatory requirements and Standard Operating Procedures ("SOPs") to manage the COVID-19 pandemic during the various stages of Movement Control Order ("MCO") such as temporary shutdown of specific economic sectors, mandatory COVID-19 test for workers returning to construction sites, and compulsory Work-from-Home requirements impacted the Group's supply chain and production. The Group has taken various measures to minimise the impact of these requirements, where possible. The COVID-19 Bill 2020 has provided some relief to the Group, especially for the late delivery of products to customers due to the MCO implemented in Q2/2020.

Operational restrictions, such as Work-from-Home order, social distancing requirements and limiting the number of guests at events, have also caused the Group to reassess and revise its operations to ensure that business can continue with minimal disruptions.

The Group performed a COVID-19 risk assessment at the onset of the pandemic which covered areas such as people, infrastructure, supply chain, business performance, business continuity planning and operational readiness to address changes in accordance to the regulatory requirements. The Group continues to manage these and other material Enterprise and Operational risks with oversight, direction and support from the Board and its various committees.

The Group acknowledges that even with a robust risk management framework and practices, it cannot fully mitigate these additional risks and other Enterprise and Operational risks as they are inherent in our 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 pages 214 to 221.

RISK TREND

INCREASE



DECREASE



STABLE

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, lower loan approval rates, movement control restrictions hampering key operations such as sales and construction activities, hindered our ability to sustain the business, manage our liquidity requirements and ensure our growth strategy and financial targets are achieved.

Impact on Value	Mitigation Strategies
<p>Diminishing financial capital due to:</p> <ul style="list-style-type: none"> • 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 to raise funds. 	<ul style="list-style-type: none"> • Continuously assessed and realigned strategy to market conditions and requirements; • Closely monitored performance across core business units, including active cash management and maintaining the funding facilities; • Launched products such as landed properties within the affordable to medium price range in established townships where the underlying demand is still strong; • Market intelligence on product and service offerings for similar/comparable developments to support product viability prior to launch; • Introduced sales campaigns with innovative packages for new products; • Leveraged on the Home Ownership Campaign to increase sales of new products and reduce unsold stocks; • Leveraged on technology to conduct online sales campaign during the MCO/CMCO/RMCO periods; • Continued to provide affordable housing design and packages; and • Continued tactical price review for unsold stocks, where required.

RISK TREND**Capital****Material Matters****Strategy****Stakeholders****DEVELOPMENT AND PRODUCT STRATEGY**

Ineffective development portfolio and low demand products delivered to the market (portfolio, product, price, product cost and timing to market).

Impact on Value	Mitigation Strategies
<p>Diminishing financial capital due to:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Reviewed and revised the 5-year implementation Blueprint where required to address market changes; • Conducted scenario planning to manage the operational business changes due to COVID-19; • Each product developed and proposed for launch is subjected to a rigorous review process, market research and business case; • Monitored the implementation of a 'check and balance' approach when aligning and embedding strategies along the product supply chain; and • Extended strategic sourcing initiative to reduce product cost.

RISK TREND**Capital****Material Matters****Strategy****Stakeholders**

Key Risks and Mitigation

COMPETITION		RISK TREND
Business model disrupted by new and/or current entrant through new innovation (products and services) or technology advancement.		
Impact on Value	Mitigation Strategies	<div>Capital</div> <div>Material Matters</div> <div>Strategy</div> <div>Stakeholders</div>
Diminishing financial capital due to: <ul style="list-style-type: none"> • Loss of market share; and • Lower than expected performance and returns. 	<ul style="list-style-type: none"> • Continuous market research & industry benchmarking to monitor existing and new industry entrants and technology. 	
JOINT VENTURES, COLLABORATIONS AND STRATEGIC PARTNERSHIP		RISK TREND
Misaligned investment objectives/interest, lower than expected returns, weak Joint Venture (JV) management team and disagreements with JV Partners.		
Impact on Value	Mitigation Strategies	<div>Capital</div> <div>Material Matters</div> <div>Strategy</div> <div>Stakeholders</div>
Diminishing financial capital, compromised intellectual capital, and deteriorating human capital due to: <ul style="list-style-type: none"> • Lower than expected returns; and • Additional capital requirements to sustain JV operations/businesses. • Potential litigation arising from claims/disputes; and • Potential reputational damage. 	<ul style="list-style-type: none"> • Closely monitored the performance of JVs through periodic audits and representation on the board/ development committee/ management of each JV Company; and • Continued engagement with JV Partners and improvements to JV's governance, where required. 	

TALENT AND RESOURCE MANAGEMENT

Inability to attract, maintain and retain proficient talents to execute strategies for sustainable growth.

Impact on Value	Mitigation Strategies
<p>Deteriorating human capital due to:</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Ensured remuneration packages are comparable to industry norms; Established a revised Total Rewards Philosophy with better capability to attract and retain competent talents; Implemented succession planning aimed at strengthening leadership bench strength, fast tracking high-potential talents and creating career pathways for competent performers; Improved performance management system; Reviewed competency and training gaps; Implemented the recruitment of 'young talent' 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; and Implemented initiatives to instil a culture of a highly engaged organisation.

RISK TREND



Capital



Material Matters



Strategy



Stakeholders



PROJECT DEVELOPMENT AND EXECUTION

Development projects not delivered on time and do not meet expected returns or product quality.

Impact on Value	Mitigation Strategies
<p>Diminishing financial capital and compromised intellectual capital due to:</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Strengthened and enlarged the pool of competent and experienced consultants and contractors with good track record to support project requirements, based on a pre-qualified and pre-approved set of criteria for their performance assessment; Dedicated and experienced project teams to monitor project performance and coordination with key stakeholders; Close engagements with contractors to ensure appropriate actions are taken to mitigate any delay in the delivery of the projects; Identified key materials that may be impacted by COVID-19 supply chain restrictions and worked with vendors/contractors on supply chain alternatives, if required, to ensure minimal disruption to supply chain; Increased frequency and timeliness of quality audits and inspections at various stages of construction; and Executed steps to improve project management, cost control and procurement processes.

RISK TREND



Capital



Material Matters



Strategy



Stakeholders



Key Risks and Mitigation

ENVIRONMENTAL, SAFETY AND HEALTH		RISK TREND
Major safety, health and/or environmental breaches at workplace and project sites.		
Impact on Value	Mitigation Strategies	<div>Capital</div> <div> </div> <hr/> <div>Material Matters</div> <div> </div> <hr/> <div>Strategy</div> <div> </div> <hr/> <div>Stakeholders</div> <div> </div>
<p>Diminishing financial capital, compromised intellectual capital and loss of human capital due to:</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Institutionalised comprehensive environmental, safety & health policies and procedures; Conducted regular trainings, dialogues and road shows to raise awareness and reduce Environment, Safety and Health (ESH) risks; Embedded ESH criteria in contractual documents and development project plans; Planned participation in ESH scheduled and unscheduled audits, including regulator's inspections and related reporting; Continued engagement and communication with key stakeholders such as customers, legislators, regulators, local communities and NGOs; and In respect of COVID-19 risk mitigation: <ul style="list-style-type: none"> A Crisis Management Team comprising of the Senior Management Team and representatives from various business units and support functions was formed and remained operational to take the lead and prepare prompt responses to COVID-19 related issues. Established, updated and communicated COVID-19 related SOPs through various communication channels to minimise infection risk at the workplace. The implementation and compliance rate was monitored on a periodic basis. Provided Personal Protection Equipment such as face mask, face shields, thermal scanners and hand sanitisers to all employees at operational areas. 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. Established and distributed funds to support employees in the B40 group. Provided COVID-19 testing facilities to all employees and their dependants as part of the infection prevention strategy. Worked with contractors at project sites to ensure SOPs are in place and adhered to. 	
UTILITIES SUPPLY		RISK TREND
Inability to secure adequate water and electricity supply and connection for future projects in growing and/or new townships.		
Impact on Value	Mitigation Strategies	<div>Capital</div> <div> </div> <hr/> <div>Material Matters</div> <div> </div> <hr/> <div>Strategy</div> <div> </div> <hr/> <div>Stakeholders</div> <div> </div>
<p>Compromised manufactured capital and diminishing financial capital due to:</p> <ul style="list-style-type: none"> Inability to meet strategic development and growth targets; Inability to meet financial targets; and Loss of market share. 	<ul style="list-style-type: none"> Engaged with relevant authorities and utility providers at various stages of the development; and Complied with the requirements of utility providers. 	

CYBERSECURITY

Infrastructure and systems failure or breaches arising from cyber-attacks, potentially crippling core systems and controls.

Impact on Value	Mitigation Strategies
<p>Compromised manufactured and intellectual capitals and diminishing financial capital due to:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 computers security patches are up-to-date; • Implemented Advanced Persistent Threat (APT) solution to detect and prevent advanced 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; • Continuous promotion of Cyber Security Awareness in the organisation to prevent employee-related security breaches; and • Conducted a Cybersecurity Maturity Assessment exercise to assess and identify improvement to the Group's cybersecurity environment.

RISK TREND



Capital



Material Matters



Strategy



Stakeholders



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 law, and the lack of understanding of contractual provisions and impact on transactions/operations; and
- Ambiguity in the interpretation/application of laws/regulations and case law.

Impact on Value	Mitigation Strategies
<p>Compromised financial and intellectual capitals due to:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Continued to instil a compliance culture within the organisation, with complementing internal processes, external legal support to operational teams when required; • Maintained close collaboration with trade associations/regulatory bodies on emerging legal/regulatory requirements as well as industry trends and standards; • 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: <ul style="list-style-type: none"> – Constant scanning of regulatory risk arising from the COVID-19 pandemic requirements. Prepared operations to meet new requirements. – Engaged various industry bodies or regulators for clarification of new requirements. Provided practical feedback where required.

RISK TREND



Capital



Material Matters



Strategy



Stakeholders



Our Strategy

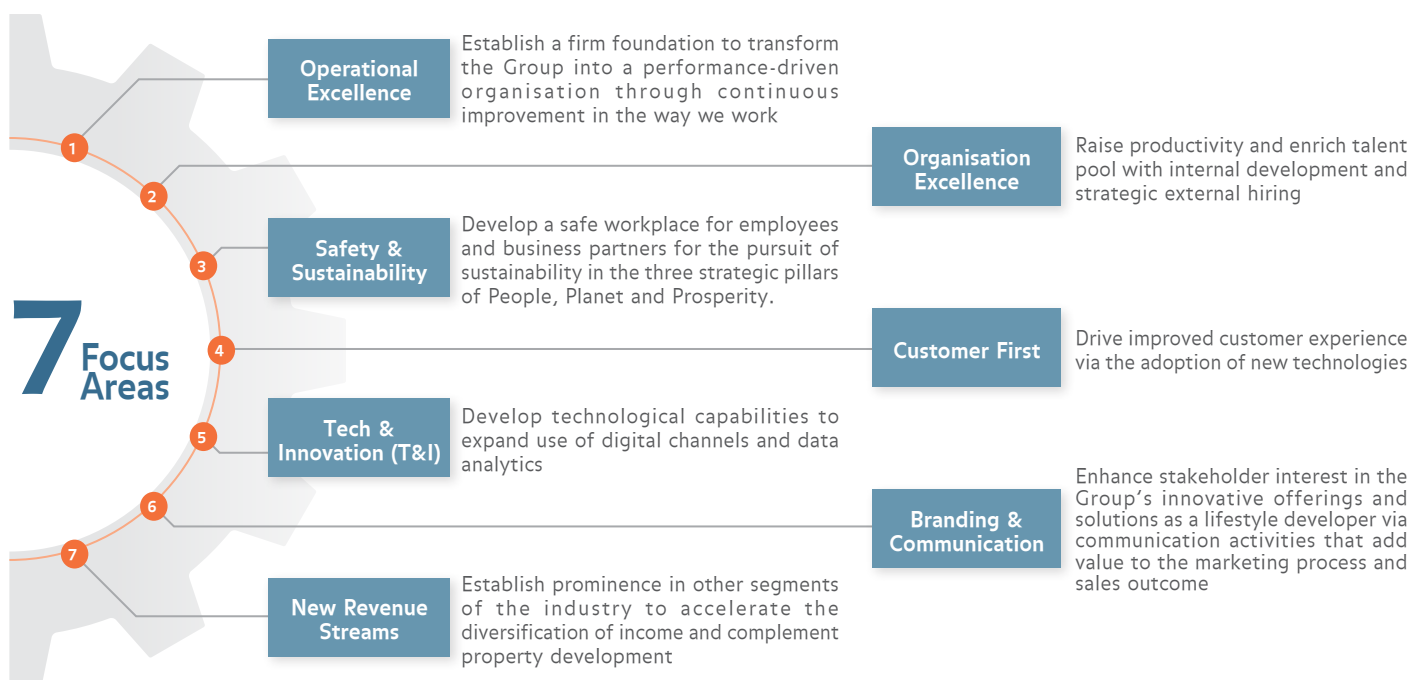
Amidst the uncertainties surrounding the operating environment in FY2021, the Group's key strategies will be pivotal towards maintaining resilience while at the same time staying agile to capitalise on growth opportunities.

The SHIFT2.0 Strategy outlines our journey to emerge as a leader in Building Sustainable Communities. Supported by Sime Darby Property's Way of Working and enabled by our people and technology, the SHIFT2.0 Strategy will catalyse

our evolution from a pure-play property developer into a sustainable real estate development company, building urban spaces that serve customers and providing quality products and services through technology and innovation.

The SHIFT2.0 Strategy will be executed through the following four (4) corporate priorities and seven (7) focus areas, with further tactical strategies adapted to each business segment as shown below:

The 4 Corporate Priorities will serve as a guide to pivot our business





EXPAND INCOME PORTFOLIO

Establish our position as a Master Developer by leveraging on strategically located landbank to develop economic corridors, embed robust economic activities and enhance our recurring income portfolio of industrial, retail and office assets

Capitals



Material Matters



PRIORITIES FOR FY2021:

- Development of new revenue streams by accelerating income diversification beyond the Property Development segment, with the Investment & Asset Management and Leisure segments serving as complementary businesses
- Implementation of a landbank management and monetisation strategy to ensure sustainable developments are in the pipeline for our landbank assets and accelerate the monetisation of low-yield assets, thereby strengthening our cashflow and balance sheet position
- Strengthening of our retail and commercial portfolio as placemaking and catalytic components to add value to township projects, particularly the repositioning of TPC KL as a lifestyle destination beyond golfing in the KLGCC township, which will turnaround the Leisure business



ACHIEVE COST & OPERATIONAL EFFICIENCY

Strengthen our overheads and direct cost management with a focus to enhance productivity whilst improving our project management and delivery capabilities

Capitals



Material Matters



PRIORITIES FOR FY2021:

- Continuation of cost and cashflow management efforts with a target to reduce cost by 5 percent every year for the next two (2) years
- Implementation of the Cost Management Programme to closely monitor and manage costs incurred during project management, design-to-cost stage and procurement decisions
- Timely delivery of quality property products
- Aggressive sales conversion through the replication of successful sales campaigns to secure profits



LAUNCH NEW GROWTH AREAS

Continue expanding into complementary new business segments, primarily industrial and logistics developments and niche and affordable multi-generational products to create holistic and integrated ecosystems for our communities

Capitals



Material Matters



PRIORITIES FOR FY2021:

- Activation of strategic lands suitable for industrial development with strategic partners
- Launch of Stage 1 of Elmina Business Park with a GDV of RM1.3 billion (of a total RM6.6 billion) and consists of various industrial products such as industrial lots, semi-detached factories, built-to-lease options and shop offices that make up part of a holistic central hub for logistics and production
- Handover of the other built-to-suit facility in Bandar Bukit Raja Industrial Gateway with a total GDV of RM530 million
- Embarkment of our first multi-tenant ready-built warehouse to meet the demand for warehousing and logistics space
- In preparation for the launch in 2022, the commencement of earthwork for Phase 2 of XME Business Park in Nilai with GDV of RM214 million (of a total RM520 million), consisting of 74 units of cluster and semi-detached and detached units in the first Managed Industrial Park in Negeri Sembilan and gateway to Malaysia Vision Valley 2.0
- Innovation for homes of the future that meet the changing requirements of stay-at-home and work-from-home needs
- Establishment of more sustainable communities for Malaysians characterised by inclusivity and spaces to accommodate biodiversity and community activities such as recycling and urban farming

Our Strategy



EMBARK ON DIGITAL TRANSFORMATION

Future-proof our business model against global disruption trends by exploring new ventures and strategic collaborations with established technology companies; developing an innovation-centric mindset; improving customer experiences and automating internal processes

Capitals



Material Matters



PRIORITIES FOR FY2021:

- Intensification of digital marketing and online campaigns to engage customers in the new normal
- Digital transformation to enable agile and successful business development and operations, including capability and capacity building in digital marketing channels as well as enterprise data warehousing and analysis
- Continue to leverage on the full migration to the cloud to modernise the Group's systems and offer a more enhanced experience to customers



IMPROVE ORGANISATIONAL EFFECTIVENESS

Enhance overall organisational effectiveness by developing a performance-driven culture, conducting strategic reviews of our corporate portfolio of assets and investments, and embedding sustainability into our day-to-day operations

Capitals



Material Matters



PRIORITIES FOR FY2021:

- Practice of good corporate citizenship in delivering positive social and environmental impact 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
- Creation of agile launch plans that feature a healthy product mix worth approximately RM2.5 billion in GDV, at market-sensitive price points that satisfy customer demands
- Restructuring of Investment & Asset Management portfolio to keep and to maintain high-yielding and strategic assets as a value-add segment
- Turnaround of Leisure business to complement township developments
- Inculcating high performance culture driven by effective hiring, rewards and learning & development

Key Performance Metrics

MANUFACTURED

Customer Satisfaction Index

Objective

To deliver the highest standards of value and service to our customers.

FY2020

The Malaysian assets comprising TPC Kuala Lumpur, Sime Darby Convention Centre and Impian Golf and Country Club continue to show high quality of service, recording Customer Satisfaction Index score of 85.2 percent, 97.3 percent, and 85.3 percent, respectively.

FINANCIAL

Dividend Payout

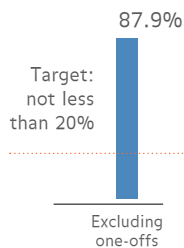
Objective

To deliver sustainable value to our shareholders via dividend contribution

FY2020

Dividend payout ratio is not meaningful as the Group reported a Loss Attributable to Owners of the Company of RM478.8 million in FY2020. If excluding one-offs, the Group achieved a payout ratio of 87.9 percent vs. target of not less than 20 percent of the consolidated net earnings.

Dividend Payout Ratio in FY2020



Unbilled Sales

Objective

To strengthen our unbilled sales base for future sales recognition

FY2020

As at 31 December 2020, the Group achieved RM1.6 billion unbilled sales, surpassing the RM1.5 billion target set for FY2020.

SOCIAL

Loss Time Injury Frequency Rate

Objective

To promote well-being and safety of all at our operations.

FY2020

For Loss Time Injury Frequency Rate (LTI-FR), there is a decrease from 0.31 to 0.14*
Loss Time Injury incidents reported were from Sime Darby Property HQ and Hospitality and Leisure operation – one (1) incident from TPC KL.

* The data has been externally assured. Please refer to Independent Assurance report from pages 429 to 431.

HUMAN

Female Representation

Objective

To support the leadership development of our female employees and promote greater gender diversity.

FY2020

42 percent of the workforce comprise women and 22 percent female representation on the Board.

NATURAL

Carbon Intensity

Objective

To actively monitor and reduce our carbon emissions.

FY2020

The Group's total carbon emissions for the year under review was 38,452* tCO₂-e. [Scope 1: 28,145* tCO₂-e and scope 2: 10,307* tCO₂-e]. In a year-on-year comparison, total carbon emissions were 7.4 percent up from 2019 carbon emissions due to increased earthworks during the year.

* This data has been externally assured. Please refer to Independent Assurance report from pages 429 to 431.

Water Consumption

Objective

To track and monitor our water consumption and optimise use to reduce our impact on the environment and ecosystems.

FY2020

We used a total of 612,830 m³* of potable water

* This data has been externally assured. Please refer to Independent Assurance report from pages 429 to 431.

Waste Generated

Objective

To track our waste production and apply optimised solutions to reduce our impact on the environment and its ecosystems.

FY2020

Total weights of scheduled (hazardous) and solid (non-hazardous) wastes produced by our operations is 21.28 tonnes and 3,980.11* tonnes respectively.

* This data has been externally assured. Please refer to Independent Assurance report from pages 429 to 431.

INTELLECTUAL

Recognised on ESG Indices

Objective

To uphold our recognition and commitment for corporate sustainability leadership in the Emerging Markets

FY2020

Re-included as a constituent in the FTSE4Good Index Series for 2020 (BURSA FTSE4Good and FTSE4Good Asean 5) with improved rating of 2.7.

Group Financial Review

Sime Darby Property has once again proven its ability to remain resilient. Despite the unprecedented challenges brought about by COVID-19, the Group exceeded its revised sales target through effective launching plans and pricing strategies. At the same time, the Group maintained a strong balance sheet in the form of adequate cash balances and moderate gearing ratio, to pave its way in reaping the benefits from a recovering market in the near to medium term.

GROUP'S FOCUS AND ACHIEVEMENT IN FY2020

- FY2020 was an unprecedented year wherein the COVID-19 pandemic has hampered global and local economic activities and market sentiments. The Group's financial performance was not spared from the adverse impact brought about by the pandemic.
- Performance of all three business segments were impacted by the business disruption following the implementation of various phases of Movement Control Order ("MCO") in Malaysia since 18 March 2020, with some recovery seen in Q3FY2020 when MCO was eased. Similar measures to prevent the spread of the COVID-19 pandemic were implemented in other countries where the Group operates.
- Nevertheless, the Group reacted swiftly to tackle the outbreak through a review of strategies and tactical plans to evaluate the market conditions and impact on each of our business segments. This included a reprioritisation of our launch plans with a focus on launching the right products at appropriate price points in prime locations.
- As a result of the review and initiatives put in place, coupled with the push from the Government via the re-launched Home Ownership Campaign ("HOC") in 2020 and the historic low Overnight Policy Rate ("OPR") of 1.75 percent, the Group achieved the following operational results:
 - Launched a total of 1,668 units of properties worth RM1.5 billion and garnered an average take-up rate of 88.0 percent as at 14 February 2021.
 - Achieved RM2.0 billion sales, surpassing the revised sales target of RM1.4 billion by 43 percent.
 - Successfully completed 18 projects with a total delivery of 3,725 units of properties worth approximately RM2.6 billion.
- The commendable operational achievements provides steady revenue visibility for the Group. As at 31 December 2020, the Group recorded RM1.6 billion of unbilled sales, and RM0.8 billion in bookings.
- We also undertook value assessments of the Group's assets and projects to reflect evolving market conditions vis-à-vis the COVID-19 pandemic, following which write-downs, write-offs, impairment and provisions were recognised to bring the balance sheet of the Group to the right base.
- At the financial front, we preserved financial discipline including cash flow, inventory and working capital management as well as cost optimisation.
- The Group maintains a healthy cash balance of RM801.8 million as at 31 December 2020, at the back of RM410.3 million positive operating cash flow generated during the year.
- To further strengthen liquidity, the Group has successfully raised RM800 million Sukuk during the year, which were accorded credit rating of AA+_{IS} by Malaysian Rating Corporation Berhad ("MARC"). Gross and net gearing ratios¹ remained resilient at 36.7 percent and 28.1 percent respectively.

¹ Gross gearing ratio = (Total Borrowings + Lease Liabilities)/Total Equity
 Net gearing Ratio = (Total Borrowings + Lease Liabilities – Cash and Cash Equivalents)/Total Equity

GROUP'S FINANCIAL PERFORMANCE AND POSITION

The adverse impact of the COVID-19 pandemic to the Group's businesses is evident in the current year Group's financial performance. Revenue declined by 35.1 percent to RM2.1 billion whilst the net earnings deteriorated to a loss of RM478.8 million. Excluding the one-off write-downs, write-offs, impairment and provisions, net earnings stood at RM77.4 million which is commendable given the challenging year.

On contrary, Group's result for previous year were enhanced by the gain on disposal of properties amounting to RM245.5 million. There were no disposal of assets of similar nature in the current year given the weak market condition, with focus being placed on deploying effective measures to handle the unprecedented situation.

Overall, our balance sheet as at 31 December 2020 remained resilient with a total cash balance of RM801.8 million, with RM410.3 million positive operating cash flow being generated during the year. Our total equity position remained strong at RM9.3 billion, despite a decrease of 6.6 percent from FY2019 mainly due to losses in the current financial year.

With our current moderate net gearing level of 28.1 percent, the Group is well placed to continue deploying its strategic growth plans.

Nevertheless, the Group will continue to proactively monitor and manage its liquidity position through new financing for its working and growth capital when needed, and at the same time, maintain an optimum gearing ratio.

As at 31 December 2020, the Group's balance sheet remained solid underpinned by healthy cash position and moderate gearing levels:

CASH POSITION:

HEALTHY

RM801.8 million



GROSS AND NET GEARING RATIO:

RESILIENT

36.7% and
28.1% respectively



TOTAL ASSETS:

DECREASED BY 3.9%

RM14,885.0 million



TOTAL EQUITY:

DECREASED BY 6.6%

RM9,289.5 million



Group Financial Review

MANAGEMENT DISCUSSION & ANALYSIS

PERFORMANCE IN A WEAK MARKET WAS SUPPORTED BY GOVERNMENT'S CONCERTED EFFORTS, HISTORICAL-LOW INTEREST RATE AND EFFECTIVE MARKETING AND SALES CAMPAIGNS

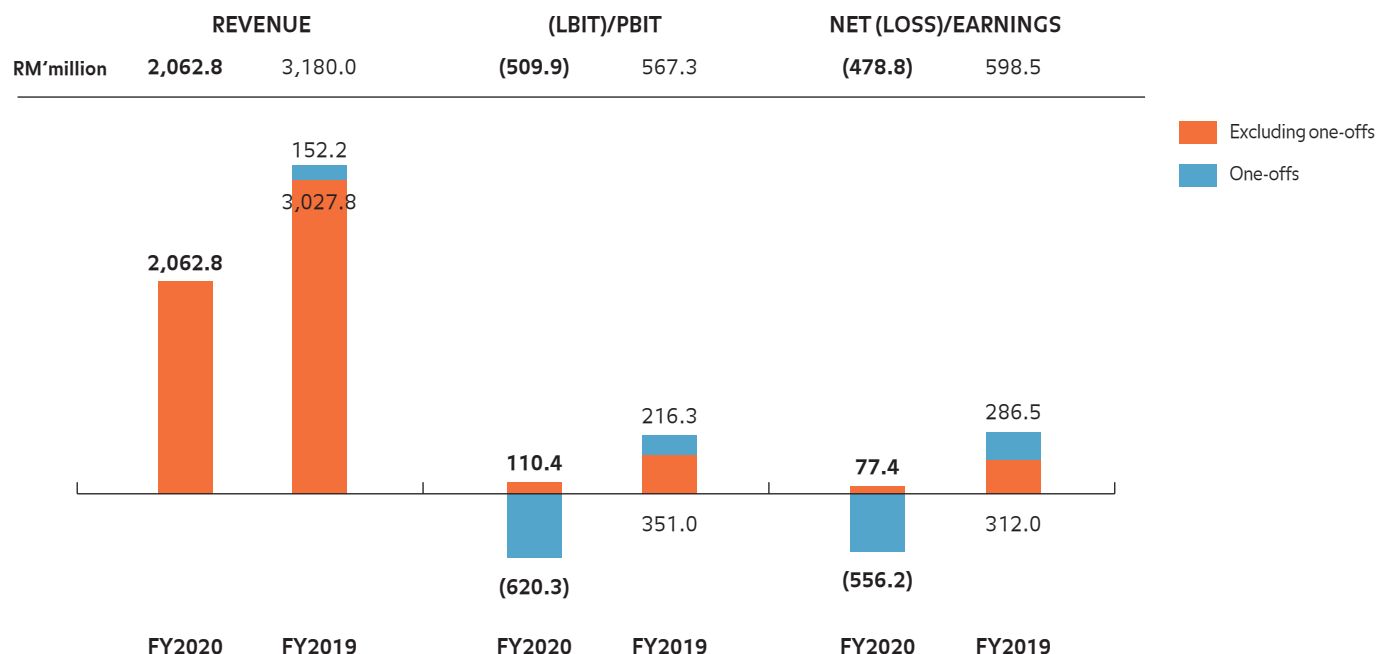
The Group's revenue declined by 35.1 percent to RM2.1 billion from last year's RM3.2 billion.

In particular, the Property Development segment was adversely impacted by the share of impairment loss from the Battersea Group. In view of the challenges presented by the COVID-19 pandemic in London, the Battersea Group had in the third quarter of the current year, recognised an impairment of its work in progress and inventories under development, of which the Group's share amounted to RM337.1 million (£62.4 million). Moving forward, the Group reserves a cautious view on the earnings contribution from the Battersea project upon the completion and hand-over of the properties in 2021 amidst the uncertainties. It is also relevant to recall that the Battersea Group completed its sale of the retail and office component of its Phase 2 development in 2019, which represented a large part of its active development phases, at a base price of £1.58 billion. The said base price is further subject to a price adjustment mechanism that is contingent on the rental performance of the asset sold after the 5th year of practical completion, a term structured to benefit the Battersea Group from an upside should the rental performance of the asset exceeds the rental guarantee in that year. However, as the aforesaid variable consideration is contingent on a future outcome, it will only be recognised when it can be reliably measured in the future.

The Group's profit was also impacted by write-downs and write-offs of inventories, impairment and provisions in its Malaysian operations. These one-off items were identified and justified via (i) thorough assessments triggered by the COVID-19 outbreak to ensure the marketability and sale-ability of the Group's current and future products, and (ii) asset value assessments carried out at year end by professional valuers.

The Group recognised a loss before interest and taxation ("LBIT") of RM509.9 million in the current year, as compared to FY2019's profit before interest and taxation ("PBIT") of RM567.3 million, attributed to the overall weaker operational performance and one-offs. The previous year's position was enhanced by gain on disposal of properties of RM245.5 million. Consequently, the Group reported net loss of RM478.8 million against the net earnings in the previous year of RM598.5 million.

Excluding the one-offs, the Group's recorded PBIT and net earnings during the year under review of RM110.4 million and RM77.4 million respectively.



RM' million	FY2020	FY2019
Reported Revenue	2,062.8	3,180.0
(Less)		
– Land sales	–	(152.2)
Revenue excluding one-offs	2,062.8	3,027.8

↓ **31.9%**

RM' million	FY2020	FY2019
Reported (LBIT)/PBIT	(509.9)	567.3
Add/(Less):		
– Impairment for Battersea Project	337.1	–
– Other write-downs, write-offs, impairment and provisions	283.2	167.4
– Gains from:		
• Land sales	–	(138.2)
• Disposal of properties	–	(245.5)
PBIT excluding one-offs	110.4	351.0

↓ **68.5%**

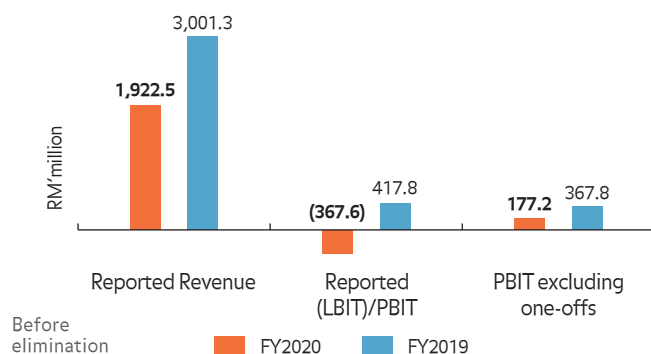
RM' million	FY2020	FY2019
Reported Net (Loss)/Earnings	(478.8)	598.5
Add/(Less):		
– Impairment for Battersea Project	337.1	–
– Other write-downs, write-offs, impairment and provisions	219.1	136.3
– Gains from:		
• Land sales	–	(105.0)
• Disposal of properties	–	(242.4)
– Tax provision	–	(75.4)
Net Earnings excluding one-offs	77.4	312.0

↓ **75.2%**

Group Financial Review

SEGMENTAL ANALYSIS

PROPERTY DEVELOPMENT

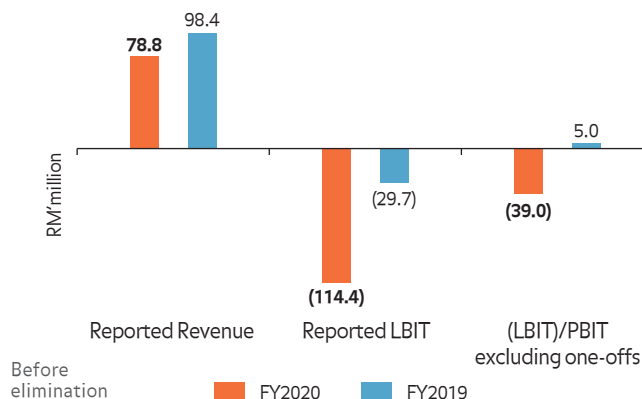


With 92.7 percent contribution to the Group's revenue, the Property Development segment remained as the key contributor to the Group. The segment registered a 35.9 percent decline in revenue to RM1.9 billion, as compared to RM3.0 billion in the previous year, impacted by the implementation of various MCO phases and the weak property market sentiments as a result of the COVID-19 pandemic. Sales momentum recovered in the second half of the year underpinned by the easing of the MCO, re-launching of HOC by the Government in June 2020, low OPR of 1.75 percent as well as the Group's aggressive and effective marketing and sales campaigns. This, in turn, brought in significantly higher revenue of RM551.1 million and RM667.8 million in the third and fourth quarter respectively, as compared to RM262.7 million in the second quarter during the first wave of COVID-19 in Malaysia.

The Group's share of losses from joint ventures and associates increased to RM394.8 million as compared to RM31.4 million in the previous year, due mainly to the impairment on inventories of the Battersea Project amounting to RM337.1 million.

Excluding one-offs comprising write-down of inventories, write-off of development expenditures and share of impairment on inventories of the Battersea Project, the Property Development segment remained profitable and stood at a PBIT of RM177.2 million, notwithstanding a decline of 51.8 percent compared with RM367.8 million in the previous year. This was mainly attributable to the commendable sales take-up rate and increased on-site development activities in second half of the year for townships such as City of Elmina, Bandar Bukit Raja, Serenia City and Putra Heights, as well as integrated developments including Lot 15, Cantara Residences and Senada Residences. During the financial year, the Group has successfully completed 18 projects with a total delivery of 3,725 units of properties. This reflects the Group's efforts in driving the development business by leveraging on the positive market factors, amid a challenging year.

INVESTMENT & ASSET MANAGEMENT



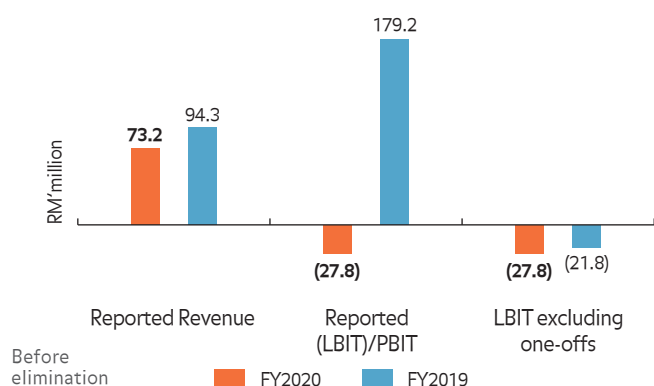
Revenue from Investment & Asset Management segment declined by 19.9 percent to RM78.8 million in the current financial year. The decrease was largely due to a reduction in the supply of teaching equipment under a concession arrangement as majority of the delivery was completed in prior years. The lower revenue was also attributed to lower rental revenue because of lower occupancy rate and ancillary revenue coupled with the rent concessions given by the Group to its tenants during the difficult time. Notwithstanding, the Group is pleased to note that the revenue reduction was offset by the maiden contribution from its new KL East Mall which was opened to the public in November 2020.

The segment reported a LBIT at RM114.4 million as compared to a LBIT of RM29.7 million in FY2019, mainly attributable to higher pre-opening expenditure incurred for KL East Mall in preparation for its opening, higher share of losses from Melawati Mall and impairment charge on investment assets based on professional valuation.

KL East Mall achieved a commendable physical occupancy rate of 72.0 percent and committed occupancy rate of 76.0 percent as at 31 December 2020 despite the challenging retail conditions. The occupancy rate of Melawati Mall decreased slightly to 83.0 percent as at 31 December 2020 compared to the previous year of 86.4 percent.

Excluding the one-offs comprising impairment of investment assets and provision and other adjustments for an undertaking arrangement entered on the disposal of a property with the purchaser in prior years, the segment registered a loss of RM39.0 million against the previous year's profit of RM5.0 million due to higher pre-opening expenditure of KL East Mall and share of losses as mentioned above.

LEISURE



Revenue from Leisure segment decreased by 22.4 percent to RM73.2 million in this current year from FY2019's revenue of RM94.3 million. Contribution from events and functions was low following the COVID-19 pandemic outbreak and temporary closure of businesses.

The segment registered a LBIT of RM27.8 million as opposed to the previous year's PBIT of RM179.2 million. FY2019 PBIT included disposal gains of Singapore properties amounting to RM214.4 million.

There were no one-offs from this segment during the year. The segment's LBIT of RM27.8 million was higher than the previous year's loss of RM21.8 million mainly due to the impact of COVID-19.

WRITE-DOWNS/WRITE-OFFS/IMPAIRMENT AND PROVISIONS

We undertook value assessments of the Group's assets and projects to reflect evolving market conditions vis-à-vis the COVID-19 pandemic. The following write-downs, write-offs, impairment and provisions were considered in the financial year under review.

Write-down of Unsold Inventories, Write-Off of Development Expenditure, Impairment of Investment Assets:

- Impairment of the Battersea Group's inventories under development, of which the Group's share amounted to RM337.1 million (£62.4 million).
- The write-down of inventories totaling RM131.3 million, following a review to ensure that the unsold inventories and products in the launch plan are aligned to market demand.

- The write-off of development expenditure totaling RM73.1 million, following a review and re-planning of the development projects to ensure its feasibility and alignment to market demand.
- Impairment of investment assets and properties amounting to RM28.0 million via an annual review conducted to ensure value of investment assets and properties are fairly matched to the market value.

Obligation:

- Provision and other adjustments of RM50.8 million was made in relation to an undertaking arrangement entered on the disposal of a property with the purchaser in prior years.

Barring unforeseen circumstances, especially in the form of further waves of COVID-19 and the consequential lockdowns, the Group does not foresee any major impairments or write-offs to be recorded in FY2021. The Group is well-positioned for growth by leveraging on its internal strengths, resilient financial position and market drivers.

FINANCE COSTS

Total finance costs in the financial year amounted to RM153.1 million, comprising borrowing costs from conventional and Islamic borrowings, in the proportion of about 32.2 and 67.8 percent, respectively. Out of the total, RM108.3 million was capitalised and the remaining RM44.8 million was charged out.

Finance costs charged out in the current year were higher as borrowing costs incurred during the temporary cessation of property development activities, following the implementation of MCO, were recognised in the profit or loss in accordance with accounting standards, instead of being capitalised into land held for property development and property development cost and unwound progressively during the construction period.

The Group's weighted average cost of borrowings was 4.0 percent per annum, lower as compared to 5.0 percent per annum in the previous year, in line with the lower interest rate environment.

With effect from 1 January 2021, there is a change in accounting treatment to borrowing costs as stipulated in the Agenda Decision on International Accounting Standards 23 – once a property development project phase is launched, the borrowing costs incurred can no longer be capitalised but are to be charged out to the profit and loss. The Group foresees an increase in finance costs being charged to the profit or loss in FY2021.

Group Financial Review

TAXATION

Tax expense was recognised in the current year despite the Group registering a net loss before tax, as certain expenses are disallowed for tax deduction. In addition, certain profitable subsidiaries are subject to tax whilst no deferred tax asset was recognised for losses incurred by some subsidiaries.

The low effective tax rate in FY2019 was due mainly to the gains on disposal of Singapore properties of RM214.4 million which were not subjected to tax.

BALANCE SHEET MANAGEMENT

A. INVENTORIES MANAGEMENT

The Group continues to enforce an effective inventories management to maintain unsold inventories at a manageable level by ensuring that development projects are properly planned and are in accordance to market demand, coupled with right price and location points that meets customer expectations. The Group also carries out active marketing and sales campaigns, which is aided by the relaunched HOC since June 2020 that is targeted to end in May 2021.

As at 31 December 2020, total inventories decreased slightly to RM6.4 billion from RM6.5 billion as at 31 December 2019, with the following breakdown:

Land held for property development (non-current):

Land held for property development cost stood at RM4.5 billion, decreased slightly by 1.5 percent from a year ago following the transfer of land and land related costs to property development cost on commencement of the construction and development activities.

Property development costs (current):

Property development cost in relation to projects where development is in progress amounted to RM1.3 billion, a reduction of 10.7 percent from last year's RM1.5 billion in line with the recognition of the property development cost to profit or loss, and the completion of the construction of certain phases during the year, including Cantara retail and The Ridge.

Completed inventories (current):

The carrying value of completed inventories increased by 8.2 percent to RM576.7 million as at 31 December 2020, from RM532.8 million a year ago, due to the completion of the ongoing developments in the current

year, mainly from The Ridge in KL East and industrial lots in Elmina East as well commercial units in Ara Damansara. The Group was able to maintain inventories at the current level despite the weak market due to its effective marketing and sales efforts and repricing strategy to align to market demand.

B. WORKING CAPITAL/LIQUIDITY MANAGEMENT

As part of the continuous effort to uphold financial discipline, the Group is committed to maintain an effective working capital management for optimal operational efficiency and a robust balance sheet position. Total cash and cash equivalents of the Group increased by 7.9 percent from RM743.3 million to RM801.8 million as at 31 December 2020.

In the current financial year, the Group had generated positive operating cash flow amounting to RM410.3 million, almost on par with RM414.5 million in the previous year as the Group continued to record collections from the handing over of 3,725 units of homes during the year.

Cash held under Housing Development Accounts saw a decrease of 24.3 percent from RM456.7 million to RM345.5 million during the year, mainly due to the slower development activities following the implementation of MCO as compared to the previous year that saw positive performance and net progress billings and receipts. Despite the restrictions due to MCO, the Group put in place mechanisms to ease operational matters especially on the billings and collections of the development.

RM' million	FY2020	FY2019
Operating cash flow	410.3	414.5
Investing cash flow	(116.4)	(280.7)
Financing cash flow	(18.7)	(14.2)
Proceeds from disposals, net of transaction costs	–	334.0
Net finance cost paid	(135.2)	(156.0)
Dividends paid	(208.4)	(136.0)
Net borrowings raised/ (paid)	124.4	(67.1)
Foreign exchange differences	2.5	(0.3)
Net Cash Flow	58.5	94.2

For the current financial year, net cash flow decreased by 37.9 percent to RM58.5 million from RM94.2 million. There were no proceeds from disposal of assets during the year as compared to RM334.0 million in the previous year and higher dividend payment in FY2020.

The net cash flow from investing activities was lower compared to FY2019 cash flow as it was impacted by the equity injection for Battersea and additional capital expenditure on investment properties.

C. DEBT AND FUNDING MANAGEMENT

The Group's Borrowings

The Group constantly monitors 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 gearing ratio to assess the appropriateness of its debt levels.

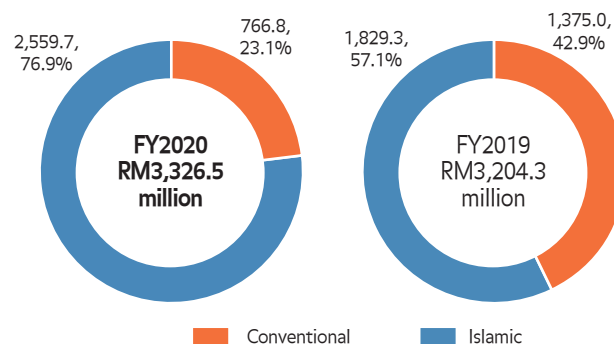
RM' million	FY2020	FY2019
Total Borrowings	3,326.5	3,204.3
Lease Liabilities	82.9	91.7
Total Debt	3,409.4	3,296.0
Cash and Bank Balances (including cash under Housing Development Accounts)	801.8	743.3
Total Equity	9,289.5	9,950.0
Gross Gearing Ratio (%)	36.7	33.1
Net Gearing Ratio (%)	28.1	25.7

Total borrowings of the Group, wholly denominated in Ringgit Malaysia, amounted to RM3.3 billion as at 31 December 2020, compared to the borrowings position of RM3.2 billion as at 31 December 2019. Both the gross and net gearing ratios of the Group, have increased to 36.7 percent and 28.1 percent, respectively from 33.1 percent and 25.7 percent a year earlier due to higher borrowings and lower total equity.

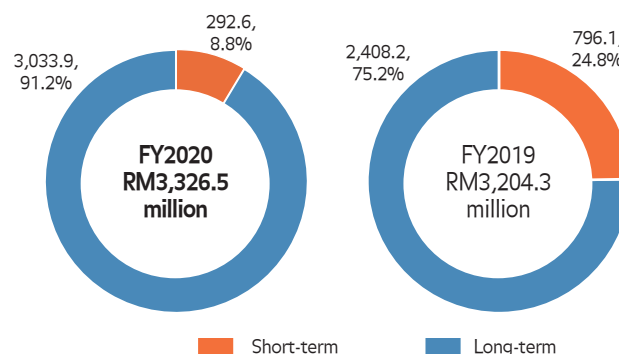
Funding Mix

The Group maintained a well-balanced borrowing profile between conventional and Islamic borrowings. Borrowings raised in accordance with Islamic principles amounted to RM2.6 billion or 76.9 percent of total Group borrowings whereas conventional borrowings constituted RM766.8 million or 23.1 percent. Conventional debt as a percentage

of Total Assets of the Group reduced to 5.2 percent as at 31 December 2020 from 8.9 percent as at 31 December 2019, which 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.



The Group has improved its borrowings maturity profile in the current financial year. As at 31 December 2020, long-term borrowings made up 91.2 percent of the Group's total borrowings compared to 75.2 percent in the previous year. This allows the Group to manage its capital and cash flow in a more effective manner.

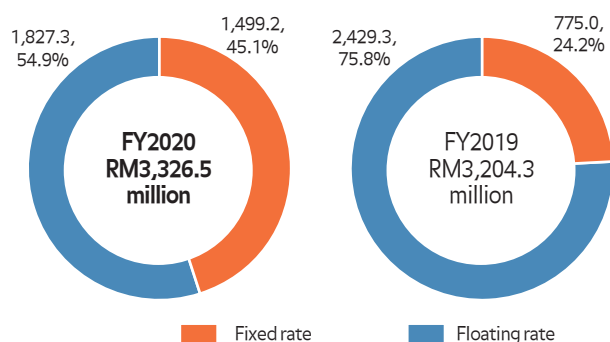


The Group maintains a well-spread borrowing repayment profile as part of the effort to maintain a sustainable debt management policy, by reducing concentration and refinancing risks of the Group.

RM' million	--- Between ---			
	< 1 Year	1 to 2 Years	2 to 5 Years	> 5 Years
FY2020	292.6	320.6	1,135.8	1,577.5
Percentage (%)	8.8	9.6	34.2	47.4
FY2019	796.1	357.2	910.4	1,140.6
Percentage (%)	24.8	11.2	28.4	35.6

Group Financial Review

The composition of fixed rate borrowings over total borrowings of 45.1 percent as at 31 December 2020, was higher than the 24.2 percent as at 31 December 2019 by 20.9 percent, following the issuance of Islamic Medium Term Notes (IMTN) during the year.



Financial Risk and Capital Management

As part of the Group's plan to broaden the funding options for its working capital, and longer-term needs to support future business growth, the Group has put in place funding facilities that provides the Group with greater flexibility in managing its operational and funding requirements.

On 23 November 2020, the Group reactivated its RM4.5 billion Islamic Medium Term Notes Programme based on the Shariah principle of Musharakah ("Sukuk Musharakah Programme") and revised it to incorporate terms for the potential issuance of ASEAN Sustainable and Responsible Investment ("SRI") Sukuk with a credit rating of AA+_{JS} and a stable outlook accorded by Malaysian Rating Corporation Berhad ("MARC"). MARC had also assigned a "Gold" Sustainability Sukuk Assessment to the Group's Sustainability Sukuk Framework, which sets out the guidelines for any future issuance of ASEAN SRI Sukuk Musharakah under the RM4.5 billion Sukuk Musharakah Programme.

The Group had on 3 December 2020, successfully completed its first issuance of Sukuk Musharakah under the Sukuk Musharakah Programme with a total issue size of RM800.0 million in nominal value that saw an oversubscription of 1.24 times.

Financing facilities in place are summarised below:

RM' million	Facility Limit	Facility Limit Available
Bank Borrowings	4,650	1,881
IMTN Programme	4,500	3,700
Total	9,150	5,581

MOVING FORWARD

- The Group is cautious of the uncertainties and challenges of the property market in FY2021. The pace of recovery of the property market in Malaysia depends very much on the larger economic factors, i.e. the global and local economic recovery and the effectiveness of the vaccination programme in the country.
- Notwithstanding, the Group will continue to remain agile in managing the situation and will act swiftly to adjust our launch plans in accordance to the market. FY2021 is a year of consolidation to further strengthen our foothold in the property market during which the Group will invest in growth enablers such as our people and technology, to ensure that the Group is well-positioned to harness opportunities in this challenging environment.
- From a financial perspective, we continue to preserve high financial discipline and resilience to ensure sustainable business growth for the Group.
- The immediate key focus is on restoring the profitability of the Group via:
 - Accelerating the pace of income diversification to include higher contribution beyond its property development business into Investments & Asset Management and the Industrial & Logistics Development segment;
 - Continue launching the right products at prime locations with the right price points while maintaining sight of management of unsold inventory levels;
 - Expediting the monetisation of low-yielding investment assets to improve asset efficiency and for better cash flow management;
 - Deploying a land bank management and monetisation plan to unlock strategic land value and to monetise lands not within the township development areas; and
 - Continue implementing vigilant cost management to further optimise the cost structure of the Group.

FY2016 – FY2020

Financial Summary

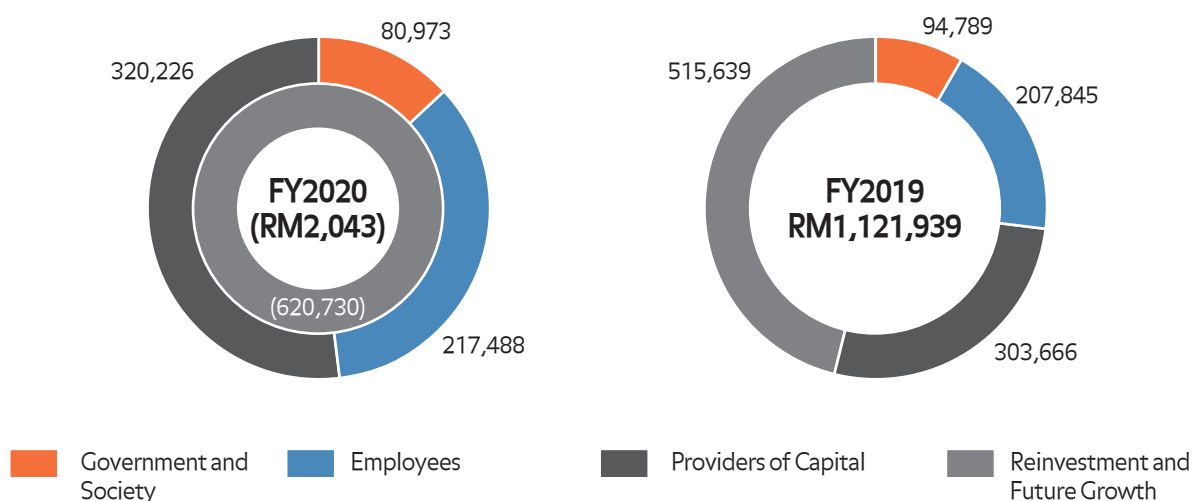
RM' thousand	12 Months Dec 2020 FY2020	12 Months Dec 2019 FY2019	6 Months Dec 2018 FP2018	12 Months Jun 2018 FY2018	12 Months Jun 2017 FY2017	12 Months Jun 2016 FY2016
FINANCIAL RESULTS						
Revenue	2,062,781	3,179,994	1,269,145	2,353,104	2,610,852	3,371,089
(Loss)/profit before interest and taxation	(509,880)	567,339	(51,823)	682,516	823,747	1,203,323
(Loss)/profit before taxation ((LBT)/PBT)	(444,710)	665,670	(38,146)	728,382	888,830	1,220,269
(Loss)/profit after taxation	(515,683)	590,881	(311,179)	684,286	709,101	954,758
Non-controlling interests	36,881	7,650	(7,521)	(44,278)	(85,072)	(81,533)
(Loss)/profit attributable to owners of the Company ((LATAMI)/PATAMI)	(478,802)	598,531	(318,700)	640,008	624,029	873,225
FINANCIAL POSITION						
Share capital	6,800,839	6,800,839	6,800,839	6,800,839	2,405,496	1,010,409
Share premium and contribution from immediate holding company	–	–	–	–	1,500,000	2,530,493
Reserves	2,302,854	2,920,871	2,408,680	2,933,748	2,417,681	1,792,955
Shareholders' Funds	9,103,693	9,721,710	9,209,519	9,734,587	6,323,177	5,333,857
Non-controlling interests	185,763	228,296	236,881	230,837	264,724	174,510
TOTAL EQUITY	9,289,456	9,950,006	9,446,400	9,965,424	6,587,901	5,508,367
Property, plant and equipment	626,178	636,284	640,445	735,159	825,333	846,083
Investment properties	709,030	745,785	644,206	605,961	474,221	331,754
Inventories	6,351,551	6,532,772	6,752,621	6,779,463	5,806,663	5,607,700
Joint ventures	2,480,258	2,805,001	2,574,020	2,223,949	1,967,983	1,408,539
Other non-current assets	2,129,766	2,150,586	2,187,493	2,130,691	2,123,925	2,644,861
Cash (including cash in Housing Development Accounts)	801,837	743,338	649,090	749,395	1,129,154	906,010
Other current assets	1,786,429	1,868,527	1,588,963	1,525,360	1,331,624	1,208,025
Assets held for sale	–	–	79,519	–	359,125	–
Total Assets	14,885,049	15,482,293	15,116,357	14,749,978	14,018,028	12,952,972
Borrowings	3,326,469	3,204,287	3,273,037	2,542,352	2,064,281	2,140,692
Non-current liabilities (excl. borrowings)	693,928	670,085	513,173	516,911	2,808,124	3,030,483
Current liabilities (excl. borrowings)	1,575,196	1,657,915	1,883,747	1,725,291	2,552,727	2,273,430
Liabilities associated with assets held for sale	–	–	–	–	4,995	–
Total Liabilities	5,595,593	5,532,287	5,669,957	4,784,554	7,430,127	7,444,605
NET ASSETS	9,289,456	9,950,006	9,446,400	9,965,424	6,587,901	5,508,367
FINANCIAL RATIOS (%)						
(LBT)/PBT margin	(21.6)	20.9	(3.0)	31.0	34.0	36.2
(LATAMI)/PATAMI margin	(23.2)	18.8	(25.1)	27.2	23.9	25.9
Return on average shareholders' funds	(5.1)	6.3	(3.4)	8.0	10.7	18.2
Gross gearing ratio	36.7	33.1	34.6	25.5	31.3	38.9
SHARE INFORMATION						
Basic (loss)/earnings per share (sen)	(7.0)	8.8	(4.7)	11.1	16.5	26.9
Net dividend per share (sen)	1.0	3.0	1.0	5.0	5.0	25.0
Net assets per share attributable to owners of the Company (RM)	1.3	1.4	1.4	1.4	6.3	5.3

Notes:

- The Group was listed on Bursa Malaysia on 30 November 2017
- Saved for FY2019 and FY2020, the other comparatives have not been restated following the adoption of:
 - MFRS 9 – Financial Instruments effective 1 January 2018 (FP2018)
 - MFRS 16 – Leases and Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation effective 1 January 2019 (FY2019)

Statement of Value Added

Stakeholders of the Group include its employees, government and society as well as shareholders. The Group recorded a negative value in the current year as the Group's performance was adversely impacted by the chain effects triggered by the COVID-19 pandemic, during which the Group saw lower revenue performance, higher operating losses and share of losses from joint ventures and associates. Nevertheless, the Group remains committed in delivering sustainable value creation to its stakeholders.



Value Added

RM' thousand	FY2020	FY2019
Revenue	2,062,781	3,179,994
Direct and indirect costs	(1,681,222)	(2,315,782)
Value Added from Operations	381,559	864,212
Other operating income	15,806	9,700
Other (losses)/gains	(88,022)	156,633
Share of results of joint ventures	(420,030)	(29,901)
Share of results of associates	(1,300)	53
Finance income	109,944	121,242
Total Value Added	(2,043)	1,121,939

Value Distributed

RM' thousand	FY2020	FY2019
Employees	217,488	207,845
Government and Society	80,973	94,789
Providers of Capital		
Dividends		
– Financial year ended 31 December 2020	68,008	–
– Financial year ended 31 December 2019	136,017	68,008
– Financial period ended 31 December 2018	–	68,009
Finance costs	153,082	175,299
Non-controlling interests	(36,881)	(7,650)
	320,226	303,666
Value Retained for Reinvestment and Future Growth		
Depreciation and amortisation	62,097	53,125
(Reduction in)/Addition to retained earnings	(682,827)	462,514
	(620,730)	515,639
Total Value Distributed	(2,043)	1,121,939

Group Quarterly Financial Performance

RM' thousand	Q1FY2020 31 Mar 2020	Q2FY2020 30 Jun 2020	Q3FY2020 30 Sep 2020	Q4FY2020 31 Dec 2020	FY2020 Total
Revenue	476,737	288,225	592,628	705,191	2,062,781
Operating profit/(loss)	11,257	(100,193)	24,360	64,048	(528)
Other (losses)/gains	(5,358)	851	(14,397)	(69,118)	(88,022)
Share of results from JVs & associates	(11,315)	(9,536)	(352,297)	(48,182)	(421,330)
Loss before Interest and Tax (LBIT)	(5,416)	(108,878)	(342,334)	(53,252)	(509,880)
Profit/(loss) before Taxation	10,924	(98,252)	(322,378)	(35,004)	(444,710)
Profit/(loss) after Taxation	2,060	(99,416)	(358,602)	(59,725)	(515,683)
Profit/(loss) attributed to owners of the Company	14,153	(81,766)	(355,261)	(55,928)	(478,802)

SEGMENT INFORMATION:

RM' thousand	Q1FY2020 31 Mar 2020	Q2FY2020 30 Jun 2020	Q3FY2020 30 Sep 2020	Q4FY2020 31 Dec 2020	FY2020 Total
REVENUE					
Property Development	440,830	262,705	551,079	667,837	1,922,451
Investment & Asset Management	19,932	16,299	19,527	23,029	78,787
Leisure	18,803	11,963	24,902	17,518	73,186
Elimination	(2,828)	(2,742)	(2,880)	(3,193)	(11,643)
Total	476,737	288,225	592,628	705,191	2,062,781
PROFIT/(LOSS) BEFORE INTEREST AND TAX					
Property Development	4,476	(93,317)	(337,813)	59,057	(367,597)
Investment & Asset Management	(4,487)	(4,980)	(6,228)	(98,749)	(114,444)
Leisure	(5,405)	(10,581)	1,707	(13,560)	(27,839)
Total	(5,416)	(108,878)	(342,334)	(53,252)	(509,880)

Note:

- FY2020 performance was impacted by the implementation of MCO on 18 March 2020, with some recovery seen in Q3FY2020 when the MCO was eased
- The Property Development segment results for Q2FY2020, Q3FY2020 and Q4FY2020 included write-down and write-off of inventories totalling RM89.3 million, RM97.8 million and RM21.2 million, respectively
- The Property Development segment was adversely impacted by the share of impairment loss of RM337.1 million from the Battersea Group in Q3FY2020
- The Investment & Asset Management segment results for Q4FY2020 included impairment of assets of RM24.6 million and provision and other adjustments of RM50.8 million for an undertaking arrangement entered on the disposal of a property with the purchaser in prior years

Financial Calendar

for the financial year ended 31 December 2020

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

1st Quarter Ended 31 March 2020

21 May 2020

2nd Quarter Ended 30 June 2020

26 August 2020

3rd Quarter Ended 30 September 2020

25 November 2020

4th Quarter Ended 31 December 2020

25 February 2021

DIVIDENDS

First Interim Single Tier Dividend of 1.0 sen
Per Ordinary Share

Announcement of the Notice of Entitlement and Payment

25 November 2020

Date of Entitlement

10 December 2020

Date of Payment

22 December 2020

48TH ANNUAL GENERAL MEETING

Notice Date

7 April 2021

Meeting Date

6 May 2021

Investor Information

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

The Board of Directors and Executive Leadership team are apprised regularly of feedback collated via investor engagement sessions and the sell-side analysts' reports through monthly and quarterly IR reports.

INVESTOR RELATIONS ENGAGEMENT CHANNELS

Channel	Detail	Targeted Audience
Corporate Website and E-mail	<ul style="list-style-type: none"> The IR unit 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 to provide up-to-date and historical investor-related information to enable investors to make timely and sound investment decisions The IR unit can also be reached at investor.relations@simedarbyproperty.com 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts Retail investors/ Minority shareholders Media Bankers
Quarterly Analyst Briefing	<ul style="list-style-type: none"> Sime Darby Property organises analyst briefings for its four quarterly result announcements in both physical and/or non-physical forms, whereby the latter is conducted via webcast and phone call, allowing both local and foreign participants to participate remotely. Virtual briefings are essential during the pandemic as participants would prefer to join virtually than attend a physical session Presentation materials provided during the briefings are clear and concise to respond to key matters and are available on the Group's website for download 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts Bankers
One-on-One or Small Group Management Meeting	<ul style="list-style-type: none"> Management meetings provide an opportunity for institutional investors, fund managers and analysts to gain better insight into the Group's businesses, strategy and growth direction Mainly held at our Head Office in Ara Damansara or via conference calls 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts
Investor Roadshow/ Conference	<ul style="list-style-type: none"> The Group also participates in investor roadshows/conferences in Malaysia in the form of group briefings to share corporate updates, strategic direction, and financial and operational performance This channel is essential to attract the interest of new institutional investors/ fund managers to invest in the Group 	<ul style="list-style-type: none"> Institutional investors Fund managers Analysts

Investor Information

Channel	Detail	Targeted Audience
Annual General Meeting	<ul style="list-style-type: none"> In addition to serving as an avenue for the existing shareholders to vote on the proposed resolutions of the Group, the Annual General Meeting is an essential platform for the Executive Leadership team and shareholders to communicate in an engaging manner The Management will leverage on this event to recap last year's performance and convey on-going strategic plans, key developments and performance updates to shareholders. Shareholders are given the opportunity to raise questions during the session The 47th Annual General Meeting was held on 26 June 2020, virtually, in view of the Recovery Control Movement Order 	<ul style="list-style-type: none"> Retail investors/ Minority shareholders Media

IR CALENDAR FOR FINANCIAL YEAR (FY) 2020

In FY2020, the Group maintained an active IR calendar of timely, consistent and transparent engagement activities with our investment community. Throughout the year, we conducted the following IR activities:

- Four (4) quarterly result analyst briefings with an average of 52 sell-side, buy-side and bankers participating in each briefing
- 10 engagements with 77 investors, fund managers and analysts via one-on-one or small group management meetings and a conference
- 47th Annual General Meeting

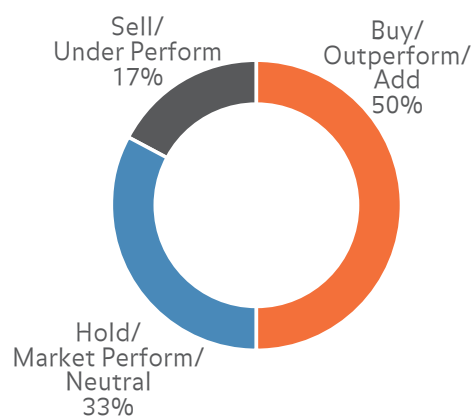
DIVIDEND POLICY

The Group placed a dividend policy of at least 20 percent of dividend payout from its net earnings, subject to its overall financial performance and cash flow position. The dividend policy demonstrates the Group's commitment to maximising returns to our shareholders.

BROAD RESEARCH COVERAGE

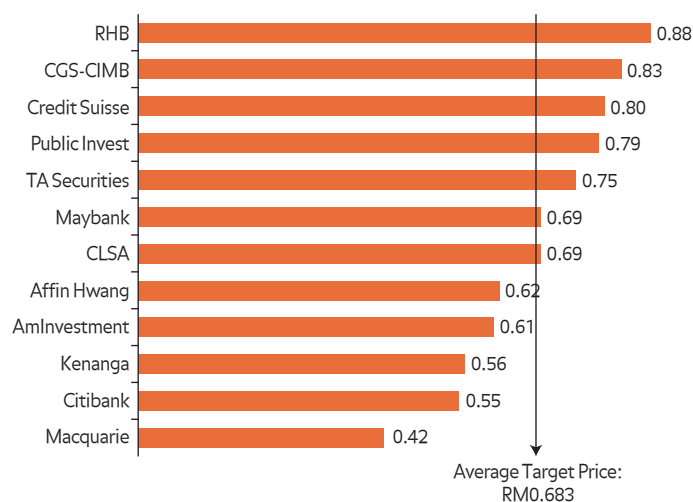
During the financial year under review, 12 research houses issued analyst coverage report on Sime Darby Property, an increase from the 11 coverages in FY2019. As at 1 March 2021, the Group garnered 50 percent Outperform/Buy/Add rating, 33 percent Neutral/Hold/Market Perform rating, and 17 percent Sell/Under Perform rating, with an average target share price of RM0.683, approximately 3.3 percent upside from the average trading price of the period under review of RM0.661. The average target share price translates to a discount on Revalued Net Asset Value (RNAV) and Price-to-Book Value (P/BV) of 62 percent. The summary of the research analysts' rating recommendation and the target price is detailed below:

Analyst Recommendations



Recommendations	Count
Outperform/Buy/Add	6
Neutral/Market Perform/Hold	4
Sell/Under Perform	2
Total	12

Target Price as at 1 March 2021



	Target Price	Rating
RHB	0.88	Buy
CGS-CIMB	0.83	Add
Credit Suisse	0.80	Outperform
Public Invest	0.79	Neutral
TA Securities	0.75	Buy
Maybank	0.69	Buy
CLSA	0.69	Buy
Affin Hwang	0.62	Hold
AmlInvestment	0.61	Hold
Kenanga	0.56	Market Perform
Citibank	0.55	Sell
Macquarie	0.42	Under Perform
Average	0.683	

Investor Information

SUMMARY OF INVESTOR INTEREST:

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

Focus Area	Our Response
Value Proposition	<ul style="list-style-type: none"> Sime Darby Property is an established property developer with a track record of over 48 years in developing sustainable communities. Its growth in the industry is represented by the 24 strategically located and active townships and developments built to date that are connected to major highways and transportation hubs within key growth areas The properties developed by the Group are extensive, consisting mainly of residential freehold units, ranging from the affordable to high-end segments, landed and high-rise residential units, as well as retail, commercial, industrial & logistics, and niche developments. The Group's ability to deliver quality products over the past four decades has cemented its position in Malaysia as an experienced and trusted property developer Industrial & Logistics developments have been identified as the Group's new growth engine with expansion plans in place for Elmina Business Park, Bandar Bukit Raja, Nilai Impian and Serenia City The Group owns approximately 20,000 acres of remaining developable land bank in Malaysia with a total estimated Gross Development Value of RM84.0 billion and has access to approximately 20,000 acres of land bank via call option agreements. The land bank is strategically connected to major highways, mainly within key growth areas and economic corridors from the central region of the Klang Valley to Negeri Sembilan and Johor in the South, which the Group foresees to have significant potential in the short to long term The current land bank is expected to provide the Group with a strong development pipeline. It will continue to contribute to sustainable earnings over the next 15 to 20 years, particularly City of Elmina, Bandar Bukit Raja, Serenia City, Elmina Business Park, Bandar Universiti Pagoh and Malaysia Vision Valley 2.0 (MVV 2.0). MVV 2.0 is a large-scale 30-year project of the Malaysian Government's 11th Malaysia Plan and the National Transformation Plan intended to drive Malaysia's long-term economic growth The Group continues to emphasise the importance of digitalisation and has identified Technology and Innovation as one of the key enablers in its digital transformation journey to harness opportunities and improve its performance, which is essential during disruptive periods The Group has garnered accolades and awards over the years, including being 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 Group won the Platinum Award at the Putra Brand Awards 2020 after 10 consecutive Gold Awards from 2010 to 2019; and 9th Top 10 Developers Awards at the BCI Asia 2020. The Group was also recognised as among the top developers in Malaysia in the annual The Edge Top Property Developers Awards, a recognition which the Group consistently receives since 2009 The Construction Industry Development Board Malaysia (CIDB) had honoured Sime Darby Property with High QCLASSIC Achievement Awards for Liana in Elmina East, Ferrea in Denai Alam, Cantara Residences in Ara Damansara, Azira in Bandar Bukit Raja and Harmoni Vista 2 in Bandar Universiti Pagoh The Group's Corporate Sustainability efforts are attested via its qualification to retain as a constituent of FTSE4Good BURSA, FTSE4Good Asean 5, FTSE4Good Emerging and MSCI Small Cap ESG Index and previously DJSI The Group's Sukuk Musharakah Programme is rated AA⁺_{JS}, and a stable outlook was accorded by the Malaysian Rating Corporation Berhad ("MARC"). MARC also assigned a "Gold" Sustainability Sukuk Assessment to the Group's sustainability Sukuk Framework

Focus Area	Our Response
Financial Performance	<ul style="list-style-type: none"> • The Group's reported revenue and loss before interest and tax of RM2.1 billion and RM509.9 million respectively were mainly affected by the various Movement Control Order phases which disrupted all three business segments • By excluding one-offs that comprised the write-downs, write-offs, impairment and provisions, the Group recorded a profit before interest and tax and net earnings of RM110.4 million RM77.4 million, respectively • The Group focuses on the strategic launching of the right products at the right price points and locations for the Property Development business. The Investment & Asset Management (particularly retail) and Leisure segments will complement and enhance the Property Development business as placemaking and catalytic components to add value to township projects and support the Group's recurring income strategy • The Group's further expansion into the Industrial & Logistics Development business while tapping into the growing industrial product demand is also part of the recurring income strategy • Landbank management is also a key focus to accelerate developments in prime locations, access the need to exercise the option agreements and expedite asset monetisation exercise to unlock the value of land not within township development areas • The Group preserves high financial discipline and exercises prudent financial management, which includes cash flow and inventory management, particularly for clearing unsold stocks as well as prudent cost management to ensure cost and operational efficiency
Capital Management and Dividend Policy	<ul style="list-style-type: none"> • The Group's capital management plan focuses on building up a sustainable financial model to increase long-term shareholders' value • As part of ensuring sufficiency of funding, the Group reactivated the RM4.5 billion Sukuk Musharakah Programme for Sustainability Sukuk with an investment-grade rating of AA+_{IS} and stable outlook • The Group adopts a monetisation approach to dispose of low-yielding investment assets or properties and is open to strategic joint venture/partnerships for projects or catalytic assets • The Group will maintain a gearing ratio not exceeding 50 percent. As at 31 December 2020, its gross and net gearing ratios recorded at 36.7 percent and 28.1 percent, respectively. The Group continues to closely monitor its gearing to ensure it is at a sustainable level • The Group maintains a healthy cash position to ensure its liquidity. Its cash and cash equivalents as at 31 December 2020 stood at RM801.8 million • The Group always puts its best efforts forward to maximise shareholders' return. For the financial year under review, the Group declared an interim single tier dividend of 1 sen per share to its shareholders and recorded a dividend pay-out ratio of 87.9 percent if excluded one-offs
Overseas Exposure	<ul style="list-style-type: none"> • The overseas development of the Battersea Power Station Project in London, continued to be challenging due to the uncertainties in the global market and the COVID-19 pandemic, which further strained the already subdued property market • During the year under review, the Group recorded an impairment of inventories of RM337.1 million from the Battersea Power Station Project, impacted by prolongation costs associated with the COVID-19 pandemic to the delivery of the Project • Nevertheless, the Group will continue to monitor the investment closely to ensure an efficient capital structure management • The Group's priority for the next five years is to focus on its growth in Malaysia. Apart from Battersea Power Station Project and a leisure asset located in Vietnam, which is in the midst of being disposed, the Group has yet to plan on expanding overseas in any other projects.

Investor Information

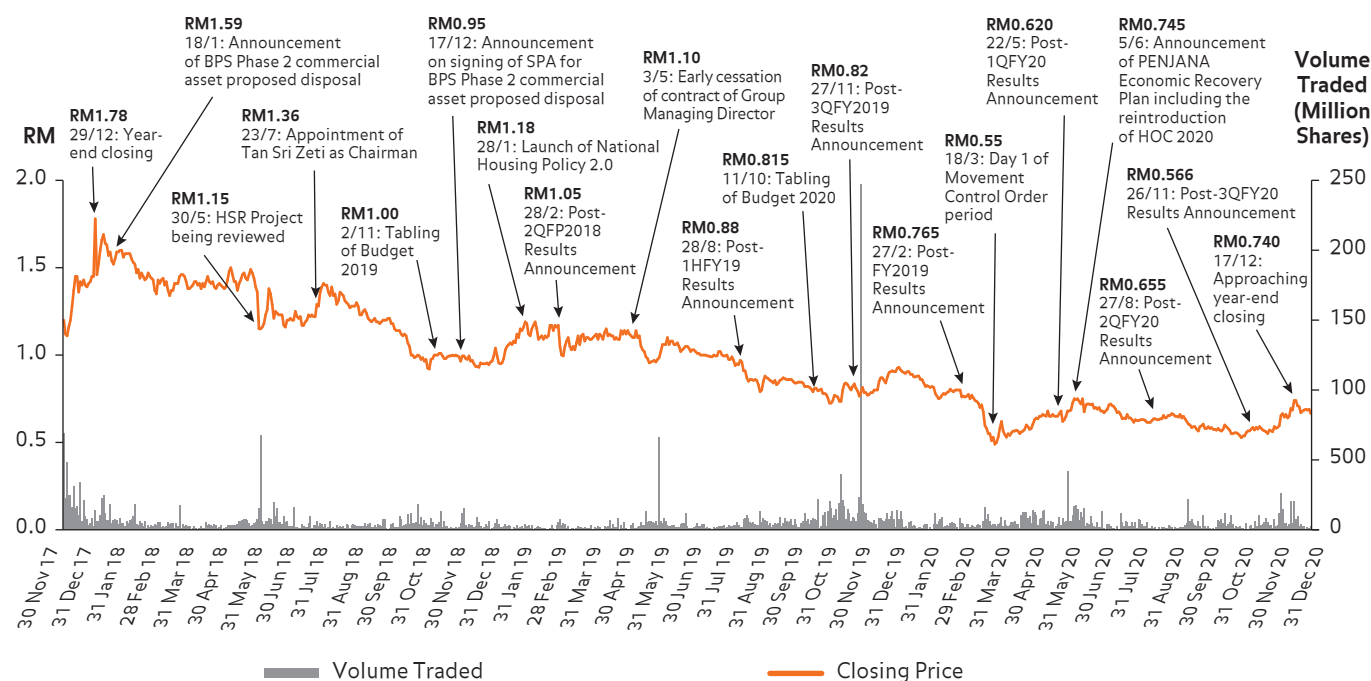
Focus Area

Our Response

Board and Management Leadership as well as Employee Capabilities

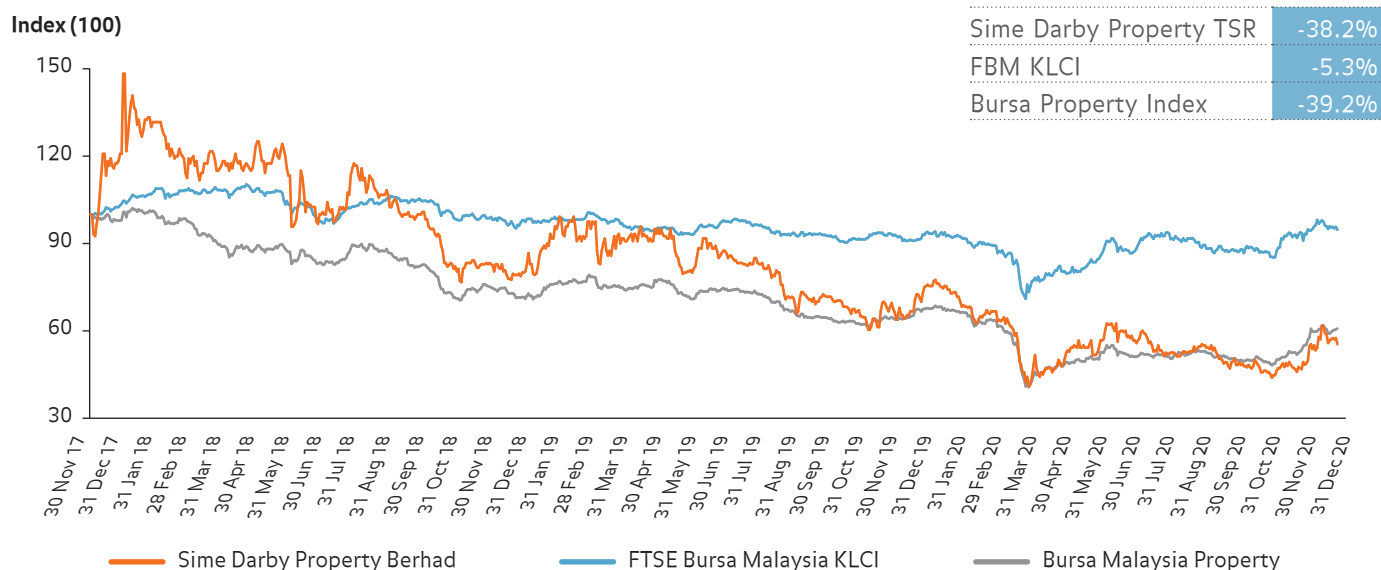
- The Board is chaired by Tan Sri Dr. Zeti Akhtar Aziz and consists of experienced members with expertise in the economy, property industry, regulatory affairs and governance
- The Group is led by Dato' Azmir Merican and an Executive Leadership team who possess a wealth of experience and proven track record in the property industry and across different fields. They are supported by talented and committed personnel of the Group
- The Group will prioritise developing and maintaining a competent and sustainable talent pool to ensure seamless succession planning

SHARE PRICE MOVEMENTS & PERFORMANCE

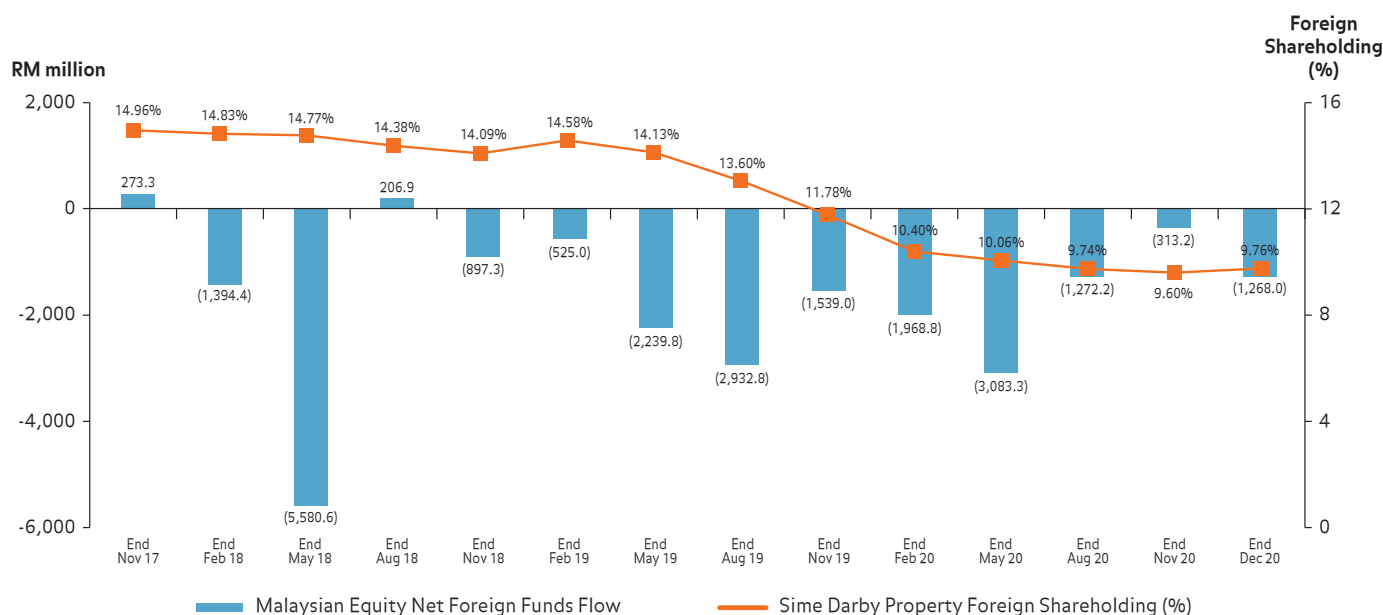


SD Prop	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020
Price – Highest (RM)	1.78	1.46	1.38	1.24	1.04	1.13	1.12	0.89	0.94	0.91	0.75	0.72	0.74
Price – Lowest (RM)	1.11	1.34	1.16	1.18	0.93	0.98	1.01	0.83	0.76	0.49	0.53	0.57	0.59
Average Volume Traded (Million Shares)	16.9	3.3	7.2	3.3	3.4	1.8	3.2	5.2	7.9	4.1	7.8	3.2	7.0

TOTAL SHAREHOLDER RETURN (TSR) VS FBMKLCI & BURSA PROPERTY INDEX



MONTHLY FOREIGN SHAREHOLDINGS



Source: SD Prop's Website, MIDF Fund Flow Reports

Operations Review

The Property Development segment is the custodian of approximately 20,000 acres of developable landbank that stands at a GDV of RM84.0 billion mainly in the Klang Valley, Negeri Sembilan and Johor. Township and integrated development combined with the development of Malaysia Vision Valley 2.0 form a stream of continued income opportunities.



Property Development



Ilham Residence at the City of Elmina

OVERVIEW

TOWNSHIP AND INTEGRATED DEVELOPMENT

We have had a successful track record of over 48 years in delivering landed and strata properties covering residential, commercial and industrial developments. Our broad product spectrum offers affordable to luxury homes, office buildings, shop lots and industrial business parks that captures various market segments and caters to different lifestyle preferences, affordability, and business needs.

MALAYSIA VISION VALLEY 2.0 (MVV 2.0)

The Negeri Sembilan State Government continues to provide strong support to the development of MVV 2.0, which is one of the three (3) key thrusts of the Negeri Sembilan 2045 Structural Plan that will drive the state's development into a modern state. The Master Concept Plan of Parcel A (Hamilton, New Labu, Labu & Kirby) and Parcel B (Land under option with Kumpulan Sime Darby Berhad) have been incorporated into the Integrated Master Concept Plan of MVV 2.0. Parcel A and Parcel B, designated as a Tech Park and a Smart County respectively, continue to be among the Heartbeat Projects for MVV 2.0.

BATTERSEA POWER STATION (BPS)

The Battersea Power Station Project is one of Central London's largest new destinations which covers an area of 42 acres. Upon completion, BPS 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 have 19 acres of public space including a six-acre public park and a town square, named Malaysia Square. It will benefit from the three-kilometer extension of the Northern line underground tube railway system, which is due to open in Autumn 2021, along with a new Zone 1 London Underground station at BPS.

Operations Review

2020 KEY FOCUS AREA

TOWNSHIP AND INTEGRATED DEVELOPMENT

- Launching residential products in our flagship township developments (such as the City of Elmina and Bandar Bukit Raja) within the right price range (i.e. RM500,000 – RM800,000)
- Clearing unsold inventories by prioritising sales of high-rise and completed inventories with attractive packages and leveraging on Government stimulus and relief measures
- Intensifying marketing efforts with increased use of digital marketing channels and virtual showrooms
- Converting bookings into sales to meet sales target

MALAYSIA VISION VALLEY 2.0 (MVV 2.0)

- Reviewing the development plan for Parcel A and Parcel B landbanks in MVV
- Kickstarting the development of MVV by activating the proposed development of a 420-acre industrial estate in Parcel A
- Maintaining good relationships with the State and Federal agencies in Negeri Sembilan

BATTERSEA POWER STATION (BPS)

- Completing or commencing construction of the various phases of the mixed development
- Attracting visitors and residents with a distinguished selection of retail activities and commercial tenants, including Apple and Gordon Ramsay's upcoming restaurant

IMPACT OF COVID-19

The MCO halted construction activities between 18 March to 4 May 2020. Sales galleries were temporarily closed during the same period, while new launches were deferred. The various restrictions and the overall deterioration in the economy induced weaker-than-usual interest in our developments and launches. This coupled with the challenge of physical viewing and construction delays caused a much-subdued property market.

Opportunities to engage with potential foreign investors were also limited as international travel restrictions were strictly controlled by the Government.

Likewise, restrictions by the UK Government in 2020 had caused the extension of construction works at Battersea Power Station due to the implementation of social distancing measures and nationwide lockdowns.





KEY BUSINESS HIGHLIGHTS

TOWNSHIP AND INTEGRATED DEVELOPMENT

The Group's township and integrated developments received the following awards recognition:

- **Malaysia Landscape Architecture Awards**

1. Honour Award in Landscape Master Plan Awards (Developer Category) – City of Elmina Master Plan
2. Excellence Award in Landscape Analysis & Study Awards (Professional Category – Malaysian) – Elmina Sports Park
3. Honour Award in Landscape Master Plan Awards (Developer Category) – The Leaf at Serenia City Landscape Master Plan
4. Young Landscape Architect Awards (Professional Category – Malaysian)

- **The StarProperty Awards**

1. Excellence in The Neighbourhood Award – Best Comprehensive Township Category (500 – 2,000 acres) – Serenia City

- **The Malaysia Book of Records**

1. Biggest Kinetic Structure (Serenia City)

- **Construction Quality Excellence Awards**

High QLASSIC Achievement Award 2020

1. Elmina East (Liana) – Score 83%
2. Denai Alam (Ferrea) – Score 83%
3. Bandar Bukit Raja (Azira) – Score 83%
4. Bandar Universiti Pagoh (Harmoni Vista 2) – Score 84%

- **The StarProperty Awards**

1. Skyline Award (Excellence) for Best High-Rise Residential Development by StarProperty

- **Construction Quality Excellence Awards**

1. High QLASSIC Achievement Award 2020 – Cantara (82%)

- **FIABCI World Prix d'Excellence Awards**

1. Gold Winner in Retail Category – Melawati Mall

- **ENR Global Best Projects Competition**

1. Best Project in the Residential Hospitality

Operations Review

MALAYSIA VISION VALLEY 2.0 (MVV 2.0)

- Gained approval on the revised Master Concept Plan ("MCP") of Parcel A on 20 July 2020, with the proposed MCP for Parcel B and the revised MCP for Parcel A integrated into the MVV 2.0 Integrated Development Concept Plan and endorsed by the State Planning Committee on 15 December 2020
- Signed a Memorandum of Collaboration with Negeri Sembilan Corporation (NS Corp) on 15 December 2020 for the development of Parcel B of MVV
- Received the planning approval for the Master Layout Plan ("MLP") of a 420-acre industrial park in Hamilton Estate on 22 December 2020. The industrial park is targeted to be launched in the first half of 2021

BATTERSEA POWER STATION (BPS)

- Continued to see strong demand for its residential offering, with over £145 million (RM821.02 million) of sales achieved in the last 12 months
- Received a healthy level of interest and demand for apartments at Battersea, with the current overall sales position (based on the number of units sold) reflecting a combined take-up rate of approximately 70 percent for Phase 2 and 3A



Sime Darby Property XME Business Park (artist impression)

- Carved out a market-leading position in commercial leasing, with over 25 percent of all retail transactions in London at BPS
- Attracted over 2 million visitors to Circus West Village in 2020 with new attractions including a theatre, crazy golf venue, virtual reality arcade and a dental clinic



Battersea Power Station

KEY HIGHLIGHTS



FINANCIAL PERFORMANCE

Property development segment registered a **35.9 percent** decline in revenue to **RM1.9 billion**, as compared to **RM3.0 billion** in the previous year.

Loss before Interest and Tax (LBIT) of **RM367.6 million** was recorded during the current financial year, which includes the Group's share of impairment loss from the Battersea Group amounting to **RM337.1 million** (£62.4 million). Excluding one-offs comprising write-down of inventories, write-off of development expenditures and share of impairment on inventories of the Battersea Project, the Property Development segment remained profitable and stood at a Profit before Interest and Tax (PBIT) of RM177.2 million, notwithstanding a decline of 51.8 percent compared with RM367.8 million in the previous year.

On the local front, good take-up rates were registered in both on-going projects and new launches. Due to the uncertainty of the economic recovery following the COVID-19 pandemic, the Group has taken firm measures in reviewing the projects in its pipeline launches to ensure that the products are aligned to the market demand, and also to prevent the build-up of unsold inventories.

In addition, asset value assessments were carried out at year end by professional valuers to assess the net realisable values of assets. The aforesaid review and assessment have resulted in write-down/write-off of inventories, which amounted to **RM204.4 million**.

Operations Review

BUSINESS PERFORMANCE REVIEW

KEY INITIATIVES

RESULTS & ACHIEVEMENTS

Township and Integrated Development

1. Launch of various sales campaigns in conjunction with festive and non-festive periods, including:
 - a) Chinese New Year 2020 campaign, "Together We Blossom, We Flourish" in the spirit of togetherness, lasting relationships and lifelong prosperity
 - b) Reintroduction of the Spotlight 8 campaign to continue the strong sales momentum from previous campaigns, consisting of new launches and super deals on freehold properties across different townships over 13 weekends
 - c) Roll-out and subsequent Hari Raya extension of "Your Instalments On Us" ("YIOU") campaign, which aimed to ease homeownership by taking care of customers' loan instalments upfront, riding on the Government's six-month moratorium on loan repayments
 - d) Introduction of new launches and Special Deals, later adjusted to include an Online Guided Sales Experience to enable customers to continue browsing and purchasing homes from the comforts of their homes during the MCO period
2. Customer engagement via SDP LIVE, leveraging on social media to reach out to more people beyond our physical sales galleries through Facebook Live sessions held over five (5) weekends, which gave the public the latest property insights and took them on virtual explorations of Sime Darby property townships
3. Signing of a Memorandum of Understanding with TNBX Sdn Bhd (a subsidiary of Tenaga Nasional Berhad) to provide smarter and greener homes and industrial factories in the City of Elmina, the first of such initiative by a property developer
4. Official opening of the 4.43km stretch of Persiaran Shorea in the City of Elmina on 28 September 2020, completed in 2019 with a total cost of RM60 million



1. a) Recorded sales booking of RM281.8 million from the Chinese New Year campaign
- b) Garnered sales booking of RM1.5 billion from the Spotlight 8 campaign
- c) Generated sales booking of RM39.6 million and RM306.1 million from the first and second fully online YIOU campaign
- d) Achieved sales booking of RM63 million from the Online Guided Sales Experience
2. Gained 1 million views in total on SDP Live
3. Installed solar PV panels in the following phases of developments:
 - i. 513 units of multi-generational homes in Phase F4, Ilham Residence, Elmina East, the first of four phases within the City of Elmina's first landed strata precinct, Elmina Grove
 - ii. The Twin Factories, the first ready-built factories in Elmina Business Park, City of Elmina
4. Opened access to Persiaran Shorea, which benefited more than 200,000 residents with enhanced connectivity and access to the Guthrie Corridor Expressway which will help reduce travelling time



Grand opening of Persiaran Shorea in the City of Elmina

BUSINESS PERFORMANCE REVIEW

KEY INITIATIVES

RESULTS & ACHIEVEMENTS

Malaysia Vision Valley 2.0 (MVV 2.0)

1. Review the development plan of Parcel A and Parcel B Landbanks
2. Activate the proposed development of a 420-acre industrial estate in Parcel A
3. Maintain good, professional relationship with relevant State and Federal agencies



1. The revised Master Concept Plan ("MCP") of Parcel A was approved on 20 July 2020
2. The proposed MCP for Parcel B and the revised MCP for Parcel A was integrated into the MVV 2.0 Integrated Development Concept Plan and endorsed by the State Planning Committee on 15 December 2020
3. The Group signed a Memorandum of Collaboration with NS Corp on 15 December 2020 for the development of Parcel B of MVV
4. The planning approval for the Master Layout Plan ("MLP") of an industrial park in Hamilton Estate (420 acres) was received on 22 December 2020. The industrial park is targeted to be launched in the first half of 2021

Battersea Power Station (BPS)

1. Construction of Grade II* listed Power Station (Phase 2) and High Street (Electric Boulevard-Phase 3A) are progressing well
2. Development of a six-acre public park at the front of the Power Station
3. Construction of the Generator Hall and Control Room A, as well as the Chimney Lift Experience, a glass elevator which will travel 109 metres to the top of one of the iconic chimneys and offer 360° views across London
4. Collaboration with Peabody to deliver 386 affordable homes at Phase 4A of the development, ranging from studio flats to 4-bedroom family homes
5. Development of NHS healthcare centre, central garden with play area and business incubator work space and retail units



1. Notwithstanding the challenges presented by the global pandemic, BPS continued to see strong demand for its residential offering, with over £145m of sales achieved in the last 12 months, reinforcing domestic and international interest in these unique new homes which continues to grow
2. Construction is progressing well on what will become the Chimney Lift Experience, a glass elevator which will travel 109 metres to the top of one of the iconic chimneys and offer 360° views across London

Operations Review

BUSINESS PERFORMANCE REVIEW

CHALLENGES & RISKS

1. Stringent lending policy imposed by the banks led to higher rejection rates
2. Slowdown in property sales in a weak market due to COVID-19
3. Restrictions on physical viewing during the MCO period created limited opportunities for customer engagement via the traditional marketing channels
4. Strong competition from secondary market products in the surrounding areas



MITIGATION & ACTION

1. Launched the right products with the right pricing at the right location considering potential buyers' affordability within the surrounding area
2. Actively advertised and promoted products and offered attractive sales packages/incentives leveraging on virtual platforms especially during the MCO period
3. Introduced an Online Guided Sales Experience in response to the MCO announcement that provided potential homebuyers with end-to-end virtual sales experience, from prospecting to booking collection via digital channels
4. Aligned product prices with the surrounding market demand

OUTLOOK & PROSPECTS

Despite economic uncertainties, certain market segments demonstrated sustained interest in the property market on the back of a low-cost and low-interest-rate environment. This is further supported by the Government's multi-pronged strategy to rejuvenate the economy and the property market, which are expected to buoy market outlook.

The National Economic Recovery Plan (PENJANA) worth RM35 billion includes stimulus measures to improve the property market such as the Home Ownership Campaign (HOC), Real Property Gains Tax (RPGT) and stamp duty exemption, and the removal of 70 percent margin of financing limit. On top of that, the low interest rate maintained by the Overnight Policy Rate of 1.75 percent will continue to spur consumer sentiments while the loan repayment moratorium in 2020 had helped to keep the lid on default rates.





The resurgence of COVID-19 infections in Malaysia at the end of 2020 dampened the expectations of a quick recovery for the property industry. However, the rollout of COVID-19 vaccines in the country in 2021 could bring about an encouraging boost to the overall market.

Out of necessity, 2020 saw a rise in digitalisation initiatives by key property players who have accelerated their capacity to market products and engage with buyers via online platforms. This trend is expected to grow in 2021 and beyond, as developers and real estate agents begin to understand and embrace the importance of having a robust digital presence as a long-term strategy.

Moving forward, key focus areas of the Property Development business are:

- Diversification of development income streams with Industrial & Logistics Development as Sime Darby Property's new engine of growth
- Enhancement of placemaking elements and catalysts to our townships to promote vibrancy, translating to value creation
- Strengthening of our core property development business, offering a healthy mix of the right products that meet market demands at the right pricing
- Leveraging on technology and innovation to improve efficiency and customer experience in our property development business

UPDATES ON MAJOR PROJECTS:

 City of ELMINA	Total Area: 6,515 acres	Estimated Remaining GDV: RM24.4 billion	Status: 21 Ongoing Phases with an estimated GDV of RM1,873.7 million
The 6,515-acre City of Elmina is a freehold master planned township located along the Guthrie Corridor Expressway (GCE). The project is part of the Selangor Vision City, where the entire Guthrie Corridor is set to be the growth centre and catalyst within the Greater Kuala Lumpur and Klang Valley. The development consists of Denai Alam & Bukit Subang (1,250 acres), Elmina East (1,089 acres), Elmina West, (2,787 acres) and Elmina Business Park (1,515 acres).			
 ANDAR BUKIT RAJA	Total Area: 4,333 acres	Estimated Remaining GDV: RM12.0 billion	Status: 7 Ongoing Phases with an estimated GDV of RM542.9 million
Bandar Bukit Raja comprises Bandar Bukit Raja 1 (1,513 acres) and Bandar Bukit Raja 2 & 3 (2,820 acres) launched in 2002 and 2016 respectively. The township is accessible via Jalan Meru, New Klang Valley Expressway (NKVE) and New North Klang Straits Bypass. The West Coast Expressway (WCE) currently under construction will act as the road transport backbone of Bandar Bukit Raja township upon completion.			
 SERENIA CITY	Total Area: 2,370 acres	Estimated Remaining GDV: RM8.7 billion	Status: 6 Ongoing Phases with an estimated GDV of RM388.9 million
The 2,370-acre Serenia City is close to the Kuala Lumpur International Airport (KLIA) and KLIA2, the Federal Government's administrative centre in Putrajaya and Malaysia's IT hub in Cyberjaya. The township dubbed the Garden City of KLIA has its own interchange to the ELITE Highway, further enhancing connectivity to and from Serenia City. It is also connected via the North-South Expressway (NSE), Maju Expressway Highway (MEX) and close to the Salak Tinggi ERL station.			
 KLGCC RESORT	Total Area: 360 acres	Estimated Remaining GDV: RM6.2 billion	Status: No ongoing phases
KLGCC Resort development which encompasses TPC Kuala Lumpur, one of Malaysia's premier golf and country clubs, is located within a 360-acre natural setting and reflects urban living amidst natural surroundings in Bukit Kiara, Kuala Lumpur, 8km from the heart of the city centre. KLGCC Resort represents our maiden involvement in the premium, branded lifestyle segment comprising nine (9) development parcels of 62 acres, flanked by affluent neighbourhoods.			
KL EAST	Total Area: 160 acres	Estimated Remaining GDV: RM2.1 billion	Status: No ongoing phases
Located about 15 minutes away from the Kuala Lumpur City Centre and 800m from the Gombak LRT Station, KL East was launched in 2011 as an urban integrated residential, lifestyle and commercial enclave with the Klang Gates Quartz Ridge as its natural backdrop. More than 50 percent of the development contains green open spaces, including the KL East Eco Park which spans 53 acres wide. Buildings within this development are Green Building Index (GBI) rated. It is easily accessible via various highways such as the Ampang-KL Elevated Highway (AKLEH), Duta-Hulu Klang (DUKE), Middle Ring Road 2 (MRR2), Karak Expressway, and will also benefit from the upcoming Setiawangsa Pantai Expressway (SPE).			
 NILAI (IMPIAN)	Total Area: 1,809 acres	Estimated Remaining GDV: RM3.8 billion	Status: 2 Ongoing Phases with an estimated GDV of RM362.8 million
Nilai Impian comprises Nilai Impian 1 (1,263 acres) and Nilai Impian 2 (546 acres) which were launched in 1997 and 2014 respectively. Nilai Impian is strategically situated on the fringe of Greater Kuala Lumpur and is the gateway to the Southern Klang Valley growth corridor. Located within a 30 km radius from major hubs such as KLIA, Putrajaya and KL City Centre, with direct frontage to one of the country's busiest and most prominent expressway, the North-South Expressway, there is considerable growth potential in Nilai Impian.			

Operations Review

	Total Area: 4,099 acres	Estimated Remaining GDV: RM5.2 billion	Status: 2 Ongoing Phases with an estimated GDV of RM72.6 million
	<p>Bandar Universiti Pagoh (BUP) is Malaysia's first township that is seamlessly integrated with a higher education hub, the Pagoh Education Hub (PEH). Spanning 4,099 acres, it is strategically located in the Muar District, Johor, off the Pagoh Interchange which is the mid-point between Kuala Lumpur and Singapore. PEH is also the country's first multi-varsity education hub, housing four institutions of higher learning. It is a key catalyst for BUP with more than 10,000 students at full occupancy. Currently, there are more than 7,800 students in PEH.</p>		
	Total Area: 693 acres	Estimated Remaining GDV: RM5.0 billion	Status: No ongoing phases
	<p>Ara Damansara is a 693-acre pioneering township consisting of low and high-rise residential homes, commercial properties, and bungalows arrayed in dedicated garden precincts and commercial centres. The township is easily accessible as it is within proximity to the LRT linkage which further improves commuters' access, bringing advantages to local communities and businesses.</p>		
	Total Area: 1,796 acres	Estimated Remaining GDV: RM3.4 billion	Status: 4 Ongoing Phases with estimated GDV of RM515 million
	<p>Putra Heights is a 1,796-acre self-contained township located at a 20-minute drive from Kuala Lumpur's city limits and enveloped by Puchong, Shah Alam, USJ, Subang Jaya, Klang and Petaling Jaya. The strategically located township is close to educational institutions, supermarkets and commercial properties. It is connected to various transportation hubs and served by the Putra Heights Interchange and USJ Interchange, direct to the ELITE, NKVE, KESAS, SKVE and Federal Highways.</p>		
	Total Area: 30 acres	Estimated Remaining GDV: RM3.6 billion	Status: 2 Ongoing Phases with estimated GDV of RM422 million
	<p>Subang Jaya City Centre (SJCC) is a 30-acre mixed development part of a vibrant, award-winning city that embodies urban sustainability. Subang Jaya, often referred to as the pacesetter for townships, was launched in 1976 and has grown to become the flagship of self-contained integrated development. In 2020, Subang Jaya attained its city status. This dynamic township is home to over 700,000 residents and boasts the conveniences of a fully matured township with established amenities, shopping outlets, and an integrated transportation hub. It is easily accessible via the NKVE, ELITE, KESAS, LDP, NPE and Federal Highways.</p>		

NEW LAUNCHES 2020



Launch: 10 February 2020
Phase: Ilham Residence
Township: City of Elmina
GDV: RM371 million



Launch: 17 March 2020
Phase: Temu
Township: City of Elmina
GDV: RM126 million



Launch: 29 May 2020
Phase: Lumira 1
Township: Bandar Bukit Raja
GDV: RM91 million



Launch: 26 August 2020
Phase: Elmina Green 3A & 3B
Township: City of Elmina
GDV: RM288 million



Launch: 8 August 2020
Phase: Lumira 2
Township: Bandar Bukit Raja
GDV: RM81 million



Launch: 18 August 2020
Phase: Serenia Lakeside Square
Township: Serenia City
GDV: RM16 million



Launch: 8 September 2020
Phase: Serenia Ariya 1 & 2
Township: Serenia City
GDV: RM127 million



Launch: 18 September 2020
Phase: Embun 2
Township: Bandar Ainsdale
GDV: RM61 million



Launch: 25 September 2020
Phase: The Twin Factories
Township: Elmina Business Park
GDV: RM131 million



Launch: 28 September 2020
Phase: The Residence III
Township: Putra Heights
GDV: RM70 million



Launch: 29 December 2020
Phase: Hevea
Township: City of Elmina
GDV: RM104 million



Investment & Asset Management

The Investment & Asset Management business, previously known as Property Investment, manages the Group's retail, office and industrial assets with a total Net Lettable Area (NLA) of approximately 1.68 million sq ft. Through concession arrangements, the business also manages physical assets for the Pagoh Education Hub encompassing four (4) major higher educational institutions.



Sime Darby Property Berhad corporate headquarters



Wisma Zuellig



Wisma MRT

OFFICE

OVERVIEW

Our key office assets located within the Klang Valley include Wisma Zuellig, Wisma MRT and Block F and Block G, Oasis Square, which are held under the Group's subsidiary, Sime Darby Brunfield Properties Holdings Sdn Bhd and where the Group's corporate headquarters is located.

Operations Review



Elmina Business Park (artist impression)

INDUSTRIAL & LOGISTICS

OVERVIEW

The Investment & Asset Management business is capitalising on the positive outlook of the Industrial and Logistics segment to achieve a stable and sustainable recurring income portfolio. Through a partnership with Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd., we are developing the Bandar Bukit Raja Industrial Gateway, with two (2) current Built-to-Lease (BTL) tenants and more in the pipeline.

RETAIL

OVERVIEW



a) KL East Mall

KL East Mall is Sime Darby Property Berhad's first 100 percent-owned retail mall development with 384,210 sq ft in Net Lettable Area. The retail and lifestyle boutique mall is strategically located in KL East, a 160-acre integrated development with excellent connectivity via the Middle Ring Road (MRR2), Duta-Hulu Klang Expressway (DUKE) and Ampang-KL Elevated Highway (AKLEH). The mall is poised to catalyse Sime Darby Property's KL East development in the context of the overall mixed development and will serve the surrounding upmarket neighbourhood.



b) Melawati Mall

Melawati Mall, with a Net Lettable Area of 614,642 sq ft, is held under our 50 percent-owned joint venture, Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd. The mall was jointly built in partnership with CapitaLand, one of Asia's largest diversified real estate groups, on a prime commercial land in Taman Melawati. Melawati Mall now attracts customers from the previously underserved surrounding areas with its line-up of brands that fulfil the demand for a modern and quality retail experience.

Melawati Mall stands out as the new landmark in the Taman Melawati township due to its strategic location and contemporary design. Melawati Mall is accessible via the Middle Ring Road 2 or a 15-minute bus ride from the Taman Melawati, Wangsa Maju and Sri Rampai Light Rail Transit (LRT) stations.

CONCESSION ARRANGEMENT

OVERVIEW

The Concession Arrangement segment provides asset management services for the campus facilities and infrastructure of Pagoh Education Hub (PEH) in Bandar Universiti Pagoh for a period of 20 years upon completion of the construction.

Under four (4) concession arrangements via a 60 percent-owned subsidiary, Sime Darby Property Selatan Sdn Bhd and its subsidiaries, Sime Darby Property undertook the development of Pagoh Education Hub (PEH) for the Malaysian Government and three higher learning institutions over three (3) years. Sime Darby Property Selatan Satu Sdn Bhd, a wholly-owned subsidiary of Sime Darby Property Selatan Sdn Bhd, had signed a Chilled Water Supply Agreement with the Government of Malaysia on 30 April 2014 to provide air conditioning to the designated buildings in PEH through the supply of chilled water from a purpose-built district cooling system. The supply period is for 20 years in tandem with the asset management services period under the concession arrangements.



Operations Review

2020 KEY FOCUS AREA

OFFICE

- Maintaining 100 percent occupancy for key assets
- Maintaining healthy net property income (NPI) yield (above 5 percent) for performing assets
- Disposing non-core, loss-making assets, in line with the Group's strategy to divest its low-yielding properties
- Upkeeping and maintaining assets to improve their lifecycle, hence, increasing their marketability and financial returns
- Enforcing safety measures to prevent the spread of COVID-19

INDUSTRIAL & LOGISTICS

- Expanding the recurring income stream of the Industrial and Logistics Development business segment and unlocking the strategic value of land

RETAIL

- Opening KL East Mall on 25 November 2020 despite the challenges brought about by the pandemic
- Supporting tenant sales and driving footfall through measures such as providing complimentary parking from March to June 2020 and launching innovative digital marketing campaigns
- Improving safety and well-being of stakeholders by stepping up precautionary measures and innovative tech solutions

CONCESSION ARRANGEMENT

- Minimising the impact of the COVID-19 pandemic on the operations and maintenance programmes
- Managing operational costs effectively to maintain profit margin
- Improving the planned preventive maintenance programme to ensure optimum efficiency of the assets

IMPACT OF COVID-19

Foreign direct investments were stalled by the restrictions in border control. Construction progress was impacted by SOP applied on site(s), further compounded by labour shortage due to the virus outbreak at the workplace.

Many businesses have adopted a wait-and-see approach and postponed major leasing decisions due to the ongoing COVID-19 pandemic in Malaysia.

Revenue decreased due to tenants' rent waiver and rebates of RM1.3 million granted during the MCO/CMCO period, representing 4 percent of Office assets revenue in Malaysia for FY2020.

The first and subsequent MCO/CMCO periods delayed the opening date of KL East Mall. Tenants were cautious about investing in a new outlet amidst the weak market sentiment. Some retail businesses closed as they experienced down trending sales due to a decrease in footfall and buying power.

Closure of campuses and shared facilities during MCO 1.0 in PEH affected the planned preventive maintenance programme and caused a decrease in revenue in the Concessions Arrangement segment. Travel restrictions affected some training programmes for Teaching and Learning Equipment.

On the flipside, growth in e-commerce logistics drove higher demand for warehouse space, including cold chain space to accommodate groceries/frozen food and storage of pharmaceutical/vaccines. A similar increase in demand for cloud storage is creating higher interest in data centres.



Senheng Electric (KL) Sdn. Bhd. at Bandar Bukit Raja Industrial Gateway

KEY BUSINESS HIGHLIGHTS

OFFICE

- Despite the competitive and overall subdued office market, the Group's office assets achieved healthy occupancy rates averaging 92 percent due to good location and continued lease secured from single anchor tenants, while the occupancy rate of key assets was 100 percent.

INDUSTRIAL & LOGISTICS

- Handed over the first Built-To-Lease (BTL) facility to Senheng Electric (KL) Sdn. Bhd. at Bandar Bukit Raja Industrial Gateway in November 2020.
- Completed BTL for Leschaco (Malaysia) Sdn. Bhd. in January 2021 with handover expected in 3Q 2021.
- Embarked on the first multi-tenant ready-built warehouse at Bandar Bukit Raja to meet demand for warehousing and logistics space.

RETAIL

- Successfully opened KL East Mall with a nett lettable area of 384,210 sq ft. including 1,300 parking bays and 200 retail outlets spread across four retail floors.
- Received the World Gold Winner in Retail Category at the 29th FIABCI World Prix d'Excellence Awards for Melawati Mall.
- Melawati Mall secured incoming brands including Uniqlo, Chizu, Texas Chicken and Ghost Kitchen.

CONCESSION ARRANGEMENT

- Retained operational profitability despite operational disruptions from the MCO.

Operations Review

KEY HIGHLIGHTS

TOTAL NET
LETTABLE AREA
(MILLION SQ FT):



1.68

REVENUE
(RM MILLION):



78.8

NO. OF ASSETS
OWNED
(PROPERTIES):



9

(LBIT EXCLUDING
ONE-OFFS)
(RM MILLION):



(39.0)

AVERAGE
OCCUPANCY
RATE:



88%

FINANCIAL PERFORMANCE

The decrease in revenue by **19.9 percent** was largely due to a reduction in the supply of teaching equipment under a concession arrangement as majority of the delivery was completed in prior years. The lower revenue was also attributed to lower rental revenue because of lower occupancy rate and ancillary revenue coupled with the rent concessions given by the Group to its tenants during the difficult time. Notwithstanding, the Group is pleased to note that the revenue reduction was offset by the maiden contribution from its new KL East Mall, which opened to the public in November 2020.

Loss before Interest and Tax (LBIT) of **RM114.4 million** compared to the LBIT of **RM29.7 million** a year ago due to higher pre-opening expenditure incurred for KL East Mall in preparation for its opening, higher share of losses from Melawati Mall and impairment charge on investment assets based on professional valuation. Excluding one-offs comprising impairment of investment assets and provision and other adjustments for an undertaking arrangement entered on the disposal of a property with the purchaser in prior years, the segment registered a loss of RM39.0 million against the previous year's profit of RM5.0 million due to higher pre-opening expenditure of KL East Mall and share of losses as mentioned above.

BUSINESS PERFORMANCE REVIEW

KEY INITIATIVES

RESULTS & ACHIEVEMENTS

Office

1. Renewal of tenancy at Block G, Oasis Square and Wisma MRT
2. Disposal of low-yielding asset
3. Review of Asset Enhancement programme to improve asset life cycle and operational efficiency



1. Maintained Net Property Income (NPI) yield at a healthy level of more than 5 percent by successfully negotiating and renewing tenancy for:
 - a) Sime Darby Property's Corporate Tower at Block G, Oasis Square for three (3) more years;
 - b) Wisma MRT with MRT Corp; and
 - c) Partial occupancy of the Ground Floor of Block G, Oasis Square with Maybank.
2. Successfully disposed of a three-storey shop-office in Shah Alam at RM1.02 million (targeted to complete in Q12021)
3. Secured Capex for Asset Enhancement programme to improve asset conditions

Industrial & Logistics

1. Acceleration of development through strategic partnerships that leverage on networking and the unique capabilities of identified partners
2. Introduction of more product varieties to meet customer demands and utilisation of digital platforms for marketing and development of Industrial & Logistics projects



1. Formed strategic partnerships to introduce Industrial 4.0 facilities into the Group's ILD developments
2. Gained a wider reach in the market to facilitate the resumption of businesses

Retail

1. Introduction of incentives and attractive rental terms to entice existing and new tenants to open for business on 25 November 2020, in line with the opening date of KL East Mall
2. Setting-up of pop-up stores and visual merchandising displays to improve physical occupancy and enrich the shopping experience with Instagrammable spots to generate better footfall
3. Passing of the 15 percent electricity discount provided by the Government to support affected tenants



1. KL East Mall achieved a commendable physical occupancy rate of 72.0 percent and committed occupancy rate of 76 percent as at 31 December 2020 despite the challenging market
2. Recorded a total footfall at KL East Mall of over 1.5 million to-date
3. Melawati Mall completed 164 tenancy renewals (85 percent of total tenancies) and secured a healthy occupancy rate of 83.0 percent at the end of December 2020

Concession Arrangement

1. Management of operational costs without compromising the quality of services to clients under the concession agreements
2. Planning and designing of a pedestrian bridge in Persiaran Sarjana to improve the safety of students commuting between the Students' Village, PEH campuses and shared facilities



1. Achieved the targeted gross profit margin and PATAMI from operations
- Submitted the design plan of the pedestrian bridge and awaiting approval from Majlis Perbandaran Muar ("MPM"), with construction expected to be completed in the fourth quarter of 2021

Operations Review

BUSINESS PERFORMANCE REVIEW

CHALLENGES & RISKS

MITIGATION & ACTION

Office

1. The enforcement of MCO/CMCO affected tenant's business operations, prompting requests from tenants for rent waiver and rebate
2. Potential non-renewal of tenancy or termination of tenancy before expiry that will affect Net Property Income (NPI) yield, hence reducing occupancy rate and rental income



1. Granted rent waiver and rebate to tenants on a case-by-case basis, depending on the impact of MCO/CMCO on their business operations
2. Conducted early engagements with tenants to negotiate tenancy renewal and to understand their requirements and expectations

Industrial & Logistics

1. Limited demand for industrial manufacturing space particularly from businesses impacted by disruptions to the supply chain and uncertainties in business outlook
2. Delay in project completion due to the MCO from March to May 2020
3. Difficulty for potential investors to visit and verify the land for investment during the movement restrictions and international border closure



1. Focused on sectors with sustained demand such as logistics, data centres and cold chain storage in line with the growth in e-commerce
2. The appointed contractor increased the resources to mitigate the delay in project completion and implemented strategic approaches such as longer working hours to recover the work progress

Retail

1. Financial impact from the delay in KL East Mall's opening as there were outgoing costs but delays in incoming revenue
2. The impact of COVID-19 on retail tenants was unprecedented. Most tenants were only allowed to resume operations from mid-May 2020. Given that the potential impact of COVID-19 is fluid and evolving, consumer and retailer sentiments remain subdued, further compounded by retail space oversupply in the Klang Valley



1.
 - a) Provided incentives and attractive rental rates to entice existing and new tenants to open for business on KL East Mall's opening day
 - b) Decked the mall with vibrant Christmas decorations and introduced fun activities that complied with physical distancing measures in an effort to generate greater footfall
2.
 - a) Implemented digital marketing strategies to complement tenant sales and enhance shopper engagement via the KL East Mall mobile application and Melawati Mall's CapitaStar loyalty programme
 - b) Melawati Mall organised a digital Cashback Now campaign to reward shopper loyalty during the safe reopening period during the Recovery Movement Control Order period. The mall also collaborated with online operators such as GRAB to help retailers embrace an online-and-offline omnichannel strategy to complement in-store sales and continued shopper engagement

BUSINESS PERFORMANCE REVIEW

CHALLENGES & RISKS

MITIGATION & ACTION

Concession Arrangement

1. Decrease in revenue due to inability to perform some maintenance works during MCO 1.0.
2. Increase in maintenance costs



1. Managed the operational costs commensurate with the decrease in revenue
2. Initiated an aggressive procurement exercise and initiatives to optimise operational costs

OUTLOOK & PROSPECTS

Industrial & Logistics Development will be Sime Darby Property's next engine of growth, and the strategies deployed for this segment has been reviewed to maximise their potential. The expected recovery in the industrial sector and growth in e-commerce will drive demand for industrial and logistics space, particularly those near residential neighbourhoods with complete ecosystems and infrastructures.

Moving forward, the Group's Investment & Asset Management business aspires to enhance its recurring income contribution by creating a balanced portfolio of high-yielding core assets and placemaking/catalytic assets to complement our townships through the following approaches:

- Restructure existing asset portfolio and invest in new asset classes to improve and create a balanced portfolio mix
- Retain existing performing assets that complement existing and future townships/integrated developments, and divest non-core, low-yielding assets
- Implement innovative yet sustainable initiatives to enhance existing assets that can improve the life cycle and optimise operational efficiency

Operations Review

6

LEISURE ASSETS OWNED

TYPES OF PROPERTIES



Golf Club



Convention Centre & Business Centre

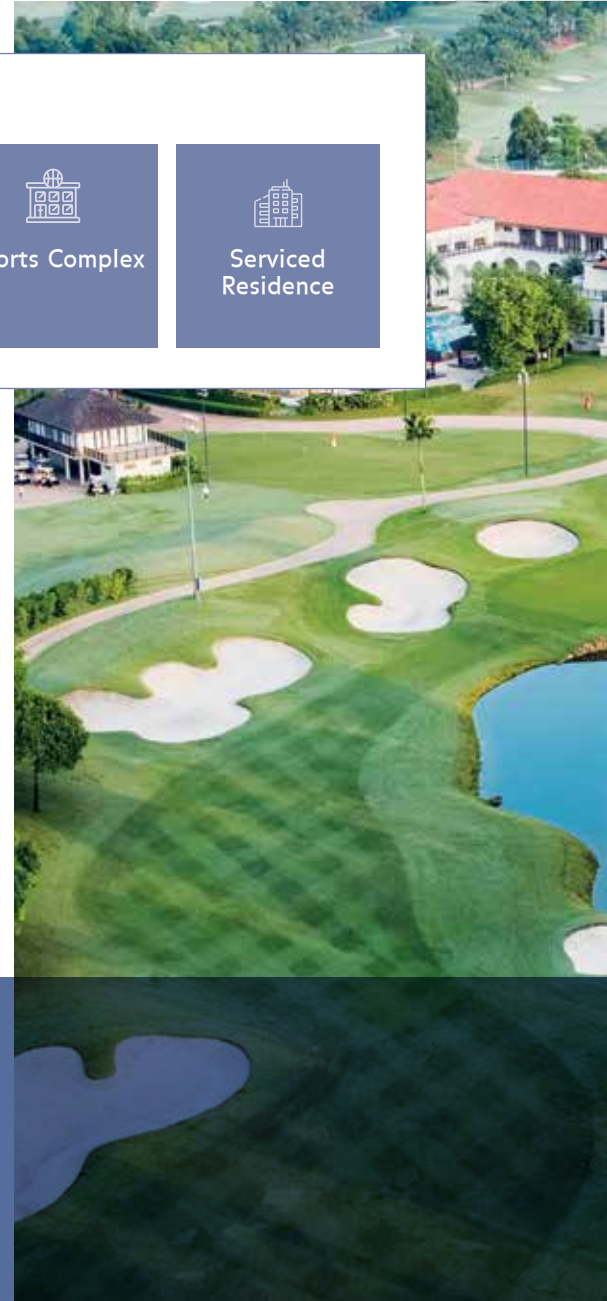


Sports Complex



Serviced Residence

Our Leisure business, previously known as Leisure and Hospitality, owns and manages six (6) properties in Malaysia and Vietnam. These assets are the Tournament Players Club (TPC) Kuala Lumpur, a prestigious award-winning golf club; the five-storey multi-purpose convention and business centre, Sime Darby Convention Centre (SDCC); the Impian Golf and Country Club (IGCC) in Kajang; Harvard Golf & Country Club/Harvard Suasana Hotel in Bedong, Kedah; and the Bayuemas Sports and Events Complex in Klang. We also own OSC Sunrise Apartment Vung Tau (formerly known as Darby Park Serviced Residence) in Vung Tau, Vietnam, which is in the midst of disposal as part of the asset monetisation strategy.



Leisure



TPC Kuala Lumpur

OVERVIEW

The Leisure arm at Sime Darby Property consists of four (4) key assets, namely the award-winning TPC Kuala Lumpur, Sime Darby Convention Centre, Impian Golf and Country Club and Bayuemas Sports and Events Complex.

TPC KUALA LUMPUR

A premier lifestyle oasis with a golf and country club spanning 153 acres on prime land in Kuala Lumpur.

SIME DARBY CONVENTION CENTRE

An event venue in a strategic location near TPC KL and five (5) major highways, featuring a ballroom with a capacity of 2,600 over 17,000 sq ft. and 20 function rooms.

IMPIAN GOLF AND COUNTRY CLUB

A 142-acre golf and country club that delights golfers with its diverse range and charming expanse, nestled near the city.

BAYUEMAS SPORTS AND EVENTS COMPLEX

A cricket stadium that plays host to various national and international sporting events among the cricket and lawn bowl communities.



KUALA LUMPUR



Convention
Centre



Operations Review

2020 KEY FOCUS AREA

TPC KUALA LUMPUR

- Consolidating TPC Kuala Lumpur & SDCC's operations to drive operational and cost efficiencies
- Enforcing the Malaysian National Security Council's (MKN) COVID-19 Standard Operating Procedures (SOP) to curb the spread of the virus and reduce its impact on the overall leisure business
- Enhancing customer relations and maximising revenue through operational improvements and cost review

SIME DARBY CONVENTION CENTRE

- Rectifying buildings for safety and to improve image and branding

IMPIAN GOLF & COUNTRY CLUB

- Undertaking landscape maintenance work
- Developing new supplementary income streams to save costs and tap into opportunities

IMPACT OF COVID-19

The closure of TPC Kuala Lumpur, SDCC, IGCC and Bayuemas Sports and Events Complex for three (3) months resulted in operational losses for FY2020.

The restriction on mass gatherings significantly reduced the number of social events such as festive buffets, corporate golf tournaments and many more, which weakened demand for our event venues.

Implementation of strict SOP in compliance with the Malaysian Golf Association (MGA) and the MKN's rules and regulations such as single rider buggy option and enforcement of social distancing practices around high-traffic areas changed the way our guests experience our facilities and limited our holding capacity at any one time.

All businesses related to social gatherings and F&B, which are core businesses for SDCC, were severely impacted during the lockdown period.

However, members' golf rounds increased significantly due to international and inter-state travel restrictions imposed by the Government, which encouraged members to spend more time at TPC Kuala Lumpur.

KEY BUSINESS HIGHLIGHTS

TPC KUALA LUMPUR

- Welcomed a new tenant, Kiara Physiotherapy Centre, to our line-up of businesses
- Activated the new Visage GPS Screen with Geofencing technology to improve fleet management on the golf course
- Introduced a Play and Stay package in partnership with Sofitel Hotels & Resorts, Kuala Lumpur
- Secured two additional reciprocal clubs – Mondry Las Golf Club and Resort in Poland and The National Golf Club in Australia



- Received the following international and local awards:
 - Golf Digest International – Best Golf Course in Country 2020: East Course (No. 1) and West Course (No. 2)
 - Top 100 Platinum Golf and Country Club 2020-2021
 - Global Golf Awards 2020/2021 for Best Golf Course in Asia Pacific – Second Runner Up
 - SIRIM QAS International for International Standard Organisation (ISO) 45001:2018, on Occupational Health and Safety Management Systems (OHS)
 - SIRIM QAS International for ISO 50001:2018 on Energy Management System Compliance
 - ParGolf People's Choice Awards (Top 3):
 - Best Clubhouse
 - Most Challenging Golf Course (West Course)
 - Best Championship Layout (West Course)
 - Best F&B – Golfer's Terrace
 - Best F&B Hut

SIME DARBY CONVENTION CENTRE

- Conducted an extensive operational cost review with a core focus on manpower optimisation to reduce the overall cost impact on the Leisure division

IMPIAN GOLF & COUNTRY CLUB

- Secured new landscape maintenance projects

KEY HIGHLIGHTS

NO. OF LEISURE
ASSETS OWNED
(PROPERTIES):



6

REVENUE
(RM MILLION):



73.2

(LBIT)
(RM MILLION):



(27.8)

FINANCIAL PERFORMANCE

- Revenue decreased by **22.4 percent** to **RM73.2 million** from RM94.3 million in the previous year as a result of the pandemic's toll on the Leisure industry.
- The business recorded Loss before Interest and Tax (LBIT) of **RM27.8 million**, decreased from Profit before Interest and Tax (PBIT) of **RM179.2 million** in the previous year which included gain on disposal of properties of RM214.4 million. The segment's LBIT of RM27.8 million was higher than the previous year's loss of RM21.8 million mainly due to the impact of COVID-19.

Operations Review

BUSINESS PERFORMANCE REVIEW

KEY INITIATIVES

RESULTS & ACHIEVEMENTS

TPC Kuala Lumpur

1. Reduction of overhead costs and consolidation of manpower to fully optimise the current manpower at TPC Kuala Lumpur
2. Introduction of the Caddie Relief Fund
3. Thorough sanitisation and disinfection exercise by Housekeeping team and proactive actions taken by the Human Resource department in coordinating swab tests for all employees
4. Upgrade of various facilities, including the driving range ball management system and golf booking telephony system



1. Reduced manpower cost to revenue ratio from 50 percent to 33 percent
2. Successfully raised additional funds amounting to RM164,486 through contributions from members for the Caddie Relief Fund
3. Achieved a Customer Satisfaction Index score of 85.2 percent

Sime Darby Convention Centre

1. Manpower optimisation review especially on contract workers, most of whom are foreign workers
2. Implementation of cost-cutting initiatives focused on power distribution, plant propagation and F&B supply chain



1. Achieved Sime Darby Property's target to reassess cost management initiatives
2. Reduced the amount of manpower on duty and electricity consumption due to little to no social gatherings
3. Achieved a Customer Satisfaction Index score of 97.3 percent

Impian Golf & Country Club

1. Landscape maintenance for three (3) new customers
2. Sale of membership transfers
3. Launch of online food delivery service through Food Panda beginning November 2020 and replacement of the yearly Ramadan Buffet event with a takeaway menu



1. Secured landscape maintenance projects at:
 - a. Bandar Enstek by TH Properties for 12 months (Aug 2020 – July 2021);
 - b. A personal and residence for 12 months (Jan – Dec 2020); and
 - c. The Brymwood, Vista Mahogani & Villa Safira by Sime Darby Sungai Kantan Development Sdn Bhd for 10 months (Mac – Dec 2020)
2. Facilitated the sales transfer of 73 memberships
3. Achieved a Customer Satisfaction Index score of 85.3 percent

BUSINESS PERFORMANCE REVIEW

CHALLENGES & RISKS

MITIGATION & ACTION

TPC Kuala Lumpur

1. Temporary closure of a few Club facilities such as the swimming pool, gymnasium, and indoor spaces such as those used for badminton, bowling, and squash
2. Closure of non-essential services such as Ayu Spa and Sid's Pub
3. High cancellation of social functions due to social gathering restrictions
4. Limited number of buggies available and the single rider option imposed by the MGA reduced the rounds of golf



1. Introduced new engagement activities for members such as Ladies Coffee Session, Edible Plants Gardening Class and Cooking Class after the reopening of Club facilities
2. Outsourced for alternative businesses and potential tenants to replace non-essential businesses
3. Conducted virtual consultations on social events and offered meetings and event packages that meet the requirements of the new normal
4. Shortened tee time intervals from 10 minutes to 8 minutes during the MCO period and adjusted the advance golf booking period from 5 to 10 days to allow for advanced planning

Sime Darby Convention Centre

1. Less demand for our facilities caused by the Government ruling on social distancing
2. High manpower cost and low-income revenue due to event cancellation and refund processes



1. Closed a few F&B outlets and sustained the business through various takeaway promotions and package deals
2. Reassessed cost management initiatives to optimise the overall manpower cost

Impian Golf & Country Club

1. Significant drop in revenue due to closure of business during the enforcement of the various stages of the Movement Control Order
2. Additional expenses for sanitisation and personal protective equipment as well as increased manpower cost to fulfil COVID-19 SOP such as daily sanitisation work



1. Designed attractive and innovative promotions to generate more F&B sales such as partnering with Food Panda to kickstart the Club's online food delivery service
2. Sourced for competitive prices offered by various vendors

OUTLOOK & PROSPECTS

The Leisure industry was hard-hit by the COVID-19 crisis in 2020. The pandemic halted the event and wedding industry's growth which attracted 540,000 overseas business travellers and contributed RM9.2 billion to the economy in 2019. Despite the prevailing challenging outlook for the industry where recovery remains uncertain, one of the Leisure segment's primary focus is to review and enhance our business model to stay relevant in the market. The segment will continue to keep abreast of market changes and be prepared to unlock growth potential and opportunities once conditions in the industry improve.

The golf industry faces a more positive outlook as the sport can be played whilst observing physical distancing. As such, our Golf and Country Clubs will continue to focus on recurring income strategies and diversifying our value proposition to uphold their role as the main catalyst to our existing townships.

Going into 2021, the Leisure business' key focus will be to:

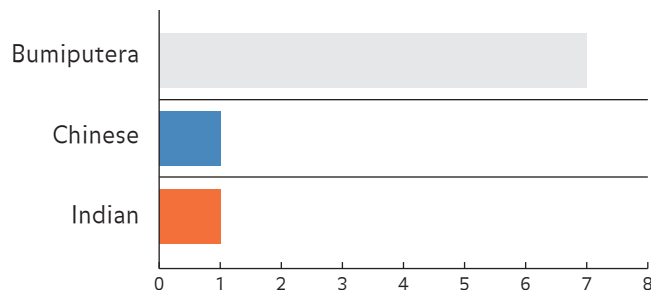
- Turnaround the business by bolstering the use and purpose of our facilities;
- Reaffirm TPC Kuala Lumpur as the key lifestyle attraction for KLGCC township that is maturing into a multi-faceted club with family-oriented curated activities and unique entertainment, in addition to being amongst the top golfing destinations in Malaysia; and
- Refocus services to strengthen market share in domestic verticals.

Board Composition

as at 25 March 2021

ETHNICITY

Bumiputera		7
Chinese		1
Indian		1



DEMOGRAPHIC

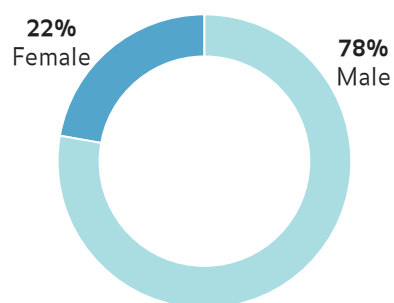
Non-Independent Non-Executive Chairman		1
Senior Independent Non-Executive Director		1
Independent Non-Executive Director		5

Non-Independent Non-Executive Director		1
Group Managing Director		1

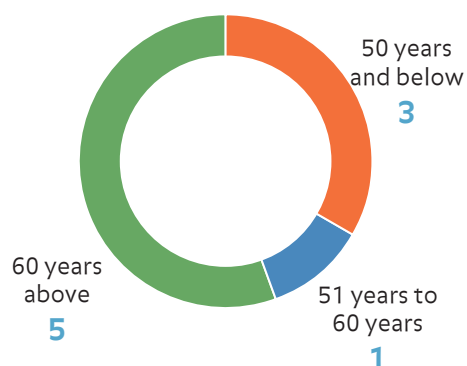
TENURE

Below 2 years		3	2 years to 5 years		4	Above 5 years		2
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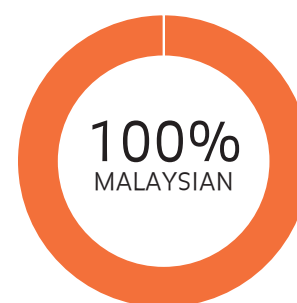
GENDER



AGE GROUP



NATIONALITY



Board of Directors' Profile



TAN SRI DR. ZETI AKHTAR AZIZ

Non-Independent Non-Executive Chairman



Membership of Board Committees

- None



Academic Qualification(s)

- Ph.D., University of Pennsylvania, specialising in Monetary and International Economics
- Bachelor of Science Degree in Economics, University of Malaya



Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Group Chairman, Permodalan Nasional Berhad
- Chairman, Amanah Saham Nasional Berhad



Present Appointment(s)

- Trustee, Yayasan Pelaburan Bumiputra
- Co-chair, Board of Governors of Asia School of Business, established by Bank Negara Malaysia in collaboration with MIT Sloan



Past Relevant Experience

- 2000-2016 – Governor of Bank Negara Malaysia (BNM)
- 1998 – Acting Governor of BNM
- 1995 – Assistant Governor, Investment and Financial Market Operations and Economics
- Deputy Manager of Economics Department, BNM
- Economic Analyst, South-East Asia Central Bank Training & Research Centre



Declaration:

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of Permodalan Nasional Berhad (PNB), of which she is the Group Chairman of PNB and Director of PNB Group of Companies.
- 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 2020.



Age

73 years



Nationality

Malaysian



Gender

Female

Date of Appointment

23 July 2018

Length of Tenure as Director

2 years 8 months
(as at 25 March 2021)

Board of Directors' Profile


Age

50 years


Nationality

Malaysian


Gender

Male

Date of Appointment

22 April 2020

Length of Tenure as Director

11 months
(as at 25 March 2021)

DATO' AZMIR MERICAN AZMI MERICAN

Group Managing Director



Membership of Board Committees

- Board Tender Committee



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

- Nil

Other Public Companies

- 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 2020.

DATO' JAGANATH DEREK STEVEN SABAPATHY

Senior Independent Non-Executive Director



Membership of Board Committees

- Risk Management Committee (Chairman)
- Audit Committee
- Board Tender Committee



Academic Qualification(s)

- Master of Arts in Corporate Finance and International Trade, Edinburgh University, United Kingdom



Present Directorship(s)

Other Listed Entity

- Microlink Solutions Berhad
- Omesti Berhad
- Principal Asset Management Berhad

Other Public Companies

- 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, Mico 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 – Held various positions in KPMG Peat Marwick
- 1981-1984 – Chartered Accountant, Price Waterhouse London, 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 2020.



Age

63 years



Nationality

Malaysian



Gender

Male

Date of Appointment

28 March 2014

Length of Tenure as Director

6 years 11 months
(as at 25 March 2021)

Board of Directors' Profile



TENGGU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ

Independent Non-Executive Director



Membership of Board Committees

- Board Tender Committee (Chairman)
- Risk Management Committee



Academic Qualification(s)

- Diploma in Business Administration, Universiti Teknologi MARA



Present Directorship(s)

Other Listed Entity

- Chairman, DutaLand Berhad
- Director, Mycron Steel Berhad

Other Public Companies

- Chairman, Tugu Setia Berhad



Present Appointment(s)

- Chairman, Landas Efektif Sdn Bhd, I-City (Selangor) Sdn Bhd, Titas Holding Sdn Bhd, Titas Realty Sdn Bhd
- Director, City Properties Sdn Bhd, Realiti Rimbun Sdn Bhd
- Board of Trustees, Cancer Research Malaysia



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 2020.



Age

65 years



Nationality

Malaysian



Gender

Male

Date of Appointment

31 December 2010

Length of Tenure as Director

10 years 2 months
(as at 25 March 2021)

DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN

Independent Non-Executive Director



Membership of Board Committees

- Audit Committee (Chairman)
- Nomination and Remuneration Committee
- Board Tender Committee



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
- Nil

Other Public Companies

- 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, the Financial Stability Executive Committee, Bank Negara Malaysia
- 2008-2012 – Trustee, Yayasan Sultan Azlah Shah
- 2005-2012 – Board Member and Audit Committee Chairman, Putrajaya Corporation
- 2004-2012 – Member, the International Advisory Panel of the Labuan Financial Services Authority
- 2003-2009 – Chairman, the 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 2020.



Age

61 years



Nationality

Malaysian



Gender

Male

Date of Appointment

12 July 2017

Length of Tenure as Director

3 years 8 months
(as at 25 March 2021)

Board of Directors' Profile



DATIN NORAZAH MOHAMED RAZALI

Independent Non-Executive Director



Membership of Board Committees

- Nomination and Remuneration Committee (Chairman)
- Audit Committee



Academic Qualification(s)

- Master of Business Administration in Management, Imperial College Business School, University of London, United Kingdom
- Bachelor of Laws (Hons) International Islamic University Malaysia
- Diploma in Management, Imperial College, London, United Kingdom



Professional Qualification/Membership(s)

- Advocate and Solicitor of the High Court of Malaya
- Admitted to the Malaysian Bar



Present Directorship(s)

Other Listed Entity

- MISC Berhad

Other Public Companies

- Nil



Present Appointment(s)

- Senior Advisor, Public Sector Practice, Boston Consulting Group (BCG)
- Independent Director, Cradle Fund Sdn Bhd
- Investment Panel Member, Penjana Kapital Sdn Bhd



Past Relevant Experience

- 2000-2017 – Held various positions in Boston Consulting Group (BCG), including Partner and Managing Director and part of BCG's SE Asia Executive Leadership
- 1998-2000 – 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 2020.



Age

50 years



Nationality

Malaysian



Gender

Female

Date of Appointment

12 July 2017

Length of Tenure as Director

3 years 8 months
(as at 25 March 2021)

RIZAL RICKMAN RAMLI

Non-Independent Non-Executive Director



Membership of Board Committees

- Nomination and Remuneration Committee
- Risk Management Committee
- Board Tender Committee



Academic Qualification(s)

- Master of Business Administration, Kellogg School of Management, Northwestern University, USA
- Bachelor of Arts, Economics (Hons), University of Chicago, USA



Present Directorship(s)

Other Listed Entity

- Velesto Energy Berhad

Other Public Companies

- Pelaburan Hartanah Nasional Berhad
- MIDF Property Berhad
- Lanjut Golf 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 2020.



Age
43 years



Nationality
Malaysian



Gender
Male

Date of Appointment
5 April 2018

Length of Tenure as Director
2 years 11 months
(as at 25 March 2021)

Board of Directors' Profile



DATO' SOAM HENG CHOON

Independent Non-Executive Director



Membership of Board Committees

- Nomination and Remuneration Committee
- Risk Management Committee



Academic Qualification(s)

- Bachelor of Science in Civil Engineering, University of Strathclyde, United Kingdom



Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Construction Labour Exchange Centre Berhad



Present Appointment(s)

- President, Real Estate and 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 2020.



Age

61 years



Nationality

Malaysian



Gender

Male

Date of Appointment

1 July 2020

Length of Tenure as Director

8 months
(as at 25 March 2021)

MOHAMED RIDZA MOHAMED ABDULLA

Independent Non-Executive Director



Membership of Board Committees

- Audit Committee
- Risk Management Committee



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)



Present Directorship(s)

Other Listed Entity

- Theta Edge Berhad
- KPJ Healthcare Berhad

Other Public Companies

- Bank Islam Malaysia Berhad
- BIMB Investment Management Berhad



Present Appointment(s)

- Managing Partner, Messrs Mohamed Ridza & Co



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 Corporate 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 2020.



Age

51 years



Nationality

Malaysian



Gender

Male

Date of Appointment

1 July 2020

Length of Tenure as Director

8 months

(as at 25 March 2021)



Executive Leadership

Seated from left

IR. MOHD SOHIMIN MOHD ALAYEDIN
Chief Operating Officer – Township Development

DATO' AZMIR MERICAN AZMI MERICAN
Group Managing Director

BETTY LAU SUI HING
Group Chief Financial Officer



Standing from left

ARAVINDAN K.DEVAPALAN

Chief Assurance Officer

NURASHIKHIN MD SHARIF

Chief People Officer

APPOLLO LEONG YONG KUAN

Deputy Chief Operating Officer – Township Development

DATO' WAN HASHIMI ALBAKRI

WAN AHMAD AMIN JAFFRI

Senior Advisor

TANG AI LEEN

Chief Risk, Integrity And Compliance Officer

DATUK IR. MOHD IDRIS ABDULLAH

Chief Operating Officer – Integrated Development

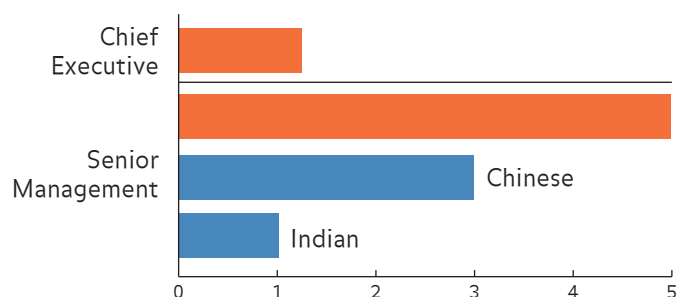
MORIAMI MOHD

Group Secretary

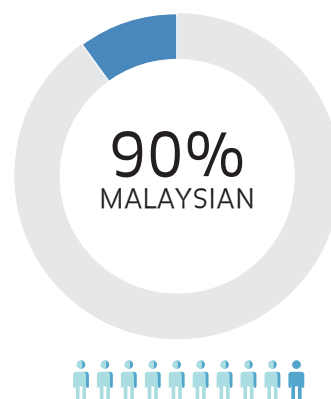
Executive Leadership Composition

ETHNICITY

Bumiputera	Chief Executive		1
	Senior Management		5
Chinese	Senior Management		3
Indian	Senior Management		1

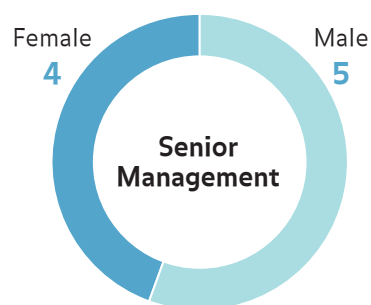
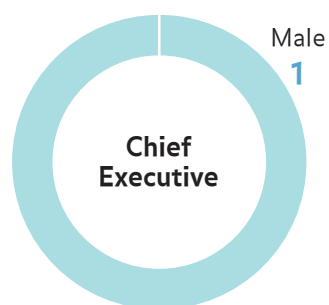


NATIONALITY

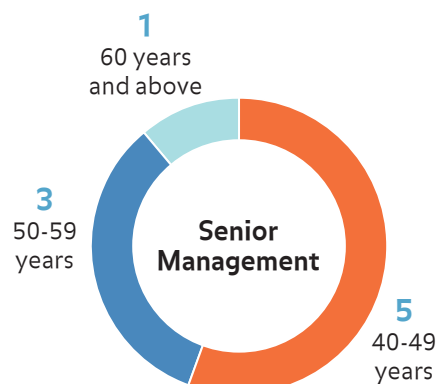


Bumiputera
 Non-Bumiputera

GENDER



AGE GROUP



Executive Leadership Profile



DATO' AZMIR MERICAN
Group Managing Director

 Malaysian

50 years/Male

Date Joined: 22 April 2020

For details of Dato' Azmir Merican's profile, please refer to page 132 of this Annual Report.



IR. MOHD SOHIMIN MOHD ALAYEDIN
Chief Operating Officer – Township Development

 Malaysian

53 years/Male

Date Joined: 1 April 2020

Academic Qualification(s)

- Bachelor of Science in Civil Engineering, California State University Long Beach, California

Professional Qualification/Membership(s)

- Member of the Institution of Engineers, Malaysia
- Professional Engineer, Board of Engineers, Malaysia

Past Relevant Experience

- 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)
- 1991-1992 – Project Engineer, PKNS Engineering & Construction Bhd (wholly owned by PKNS)

Executive Leadership Profile



DATUK IR. MOHD IDRIS ABDULLAH

Chief Operating Officer – Integrated Development

Malaysian

52 years/Male

Date Joined: 1 February 2012

Academic Qualification(s)

- Bachelor of Civil Engineering (Hons)

Professional Qualification/Membership(s)

- Member of the Institution of Engineers, Malaysia
- Professional Engineer, Board of Engineers, Malaysia

Past Relevant 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 Cluster 2, Sime Darby Property Berhad
- 2014-2015 – Head of Township, Bandar Bukit Raja 2 & 3, Sg 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 Group of companies and the last being the Head of Properties IJM India
- 1991-2008 – Project Manager with Road Builder Group of companies



DATO' WAN HASHIMI ALBAKRI

WAN AHMAD AMIN JAFFRI

Senior Advisor

Malaysian

62 years/Male

Date Joined: 1 October 2005

Academic Qualification(s)

- Bachelor of Science in Civil Engineering, University of Kingston, United Kingdom

Other Appointment(s)

- Immediate Past Branch Chairman, Real Estate and Housing Developers' Association (REHDA) W.P. Kuala Lumpur Branch

Past Relevant Experience

- 2019-2020 – Acting Group Chief Executive Officer of Sime Darby Property Berhad
Chief Operating Officer – Township Development
- 2018-2019 – Chief Operating Officer – Township Development of Sime Darby Property Berhad
- 2008-2017 – Held various positions in Sime Darby Property and last position held was Chief Transformation Officer (CTO)
- 2005-2008 – Chief Executive Officer of Negara Properties (M) Berhad
- 1999-2005 – Held various positions in Putrajaya Homes Sdn Bhd and last position held was Chief Operating Officer
- 1996-1999 – Executive Director of Irat Management Services Sdn Bhd (Project Management Co.)


BETTY LAU SUI HING

Group Chief Financial Officer

📍 Non-Malaysian (Permanent Resident of Malaysia)

58 years/Female

Date Joined: 3 December 2018

Professional Qualification/Membership(s)

- Associate of Institute of Chartered Secretaries and Administrators, United Kingdom (ACIS)
- Fellow Member of Chartered Association of Certified Accountants, United Kingdom (FCCA)
- Member of Malaysia Institute of Accountants (MIA)

Past Relevant Experience

- 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 (last position held)
- 2009-2010 – Group Financial Controller, INTI Education Group, Laureate International Universities
- 2004-2009 – Chief Financial Officer, Cosmos Discovery Sdn Bhd


APPOLLO LEONG YONG KUAN

Deputy Chief Operating Officer – Township Development

📍 Malaysian

42 years/Male

Date Joined: 3 October 2011

Academic Qualification(s)

- Master of Science in Property Appraisal and Management, Sheffield Hallam University
- Bachelor's Degree in Architecture, The Manchester Metropolitan University and The University of Manchester
- Bachelor of Applied Science in Architectural Technology, Curtin University Of Technology Australia

Professional Qualification/Membership(s)

- Member of Royal Institution of Chartered Surveyors (MRICS)
- Royal Institute of British Architects (RIBA)

Past Relevant Experience

- 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 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 (UK)

Executive Leadership Profile



NURASHIKHIN MD SHARIF

Chief People Officer

Malaysian

49 years/Female

Date Joined: 15 April 2019

Academic Qualification(s)

- Degree in Human Resource & Mass Communication, Universiti Sains Malaysia

Professional Qualification/Membership(s)

- Nil

Past Relevant Experience

- 2013-2017 – Senior General Manager, Human Capital Management, Securities Commission Malaysia
- 2009-2011 – Country Head, Human Resource, Hewlett Packard Malaysia
- 2006-2008 – HR Account Manager, Global Functions, Shell Malaysia Trading
- 1995-2006 – Remuneration Manager and HRBP, Unilever Malaysia



TANG AI LEEN

Chief Risk, Integrity & Compliance Officer

Malaysian

50 years/Female

Date Joined: 24 November 2017

Academic Qualification(s)

- Master Degree in Forensic Accounting, University of Wollongong, Australia
- Bachelor in Accounting and Finance, Middlesex University London, UK

Professional Qualification/Membership(s)

- Member of Malaysian Institute of Certified Public Accountant

Past Relevant 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



ARAVINDAN K. DEVAPALAN
Chief Assurance Officer

📍 Malaysian

48 years/Male

Date Joined: 5 March 2018

Professional Qualification/Membership(s)

- Chartered Association of Certified Accountants (ACCA)
- Fellow member of the Chartered Association of Certified Accountants (ACCA)
- Member of Malaysian Institute of Accountants

Past Relevant Experience

- 2012-2017 – Chief Internal Auditor/Head of Group Internal Audit, Wah Seong Corporation Berhad
- 2012 – Audit Director, KPMG (Malaysia)
- 2005-2012 – Senior Manager, PricewaterhouseCoopers (Malaysia & Los Angeles)



MORIAMI MOHD
Group Secretary

📍 Malaysian

47 years/Female

Date Joined: 18 March 2005

Professional Qualification/Membership(s)

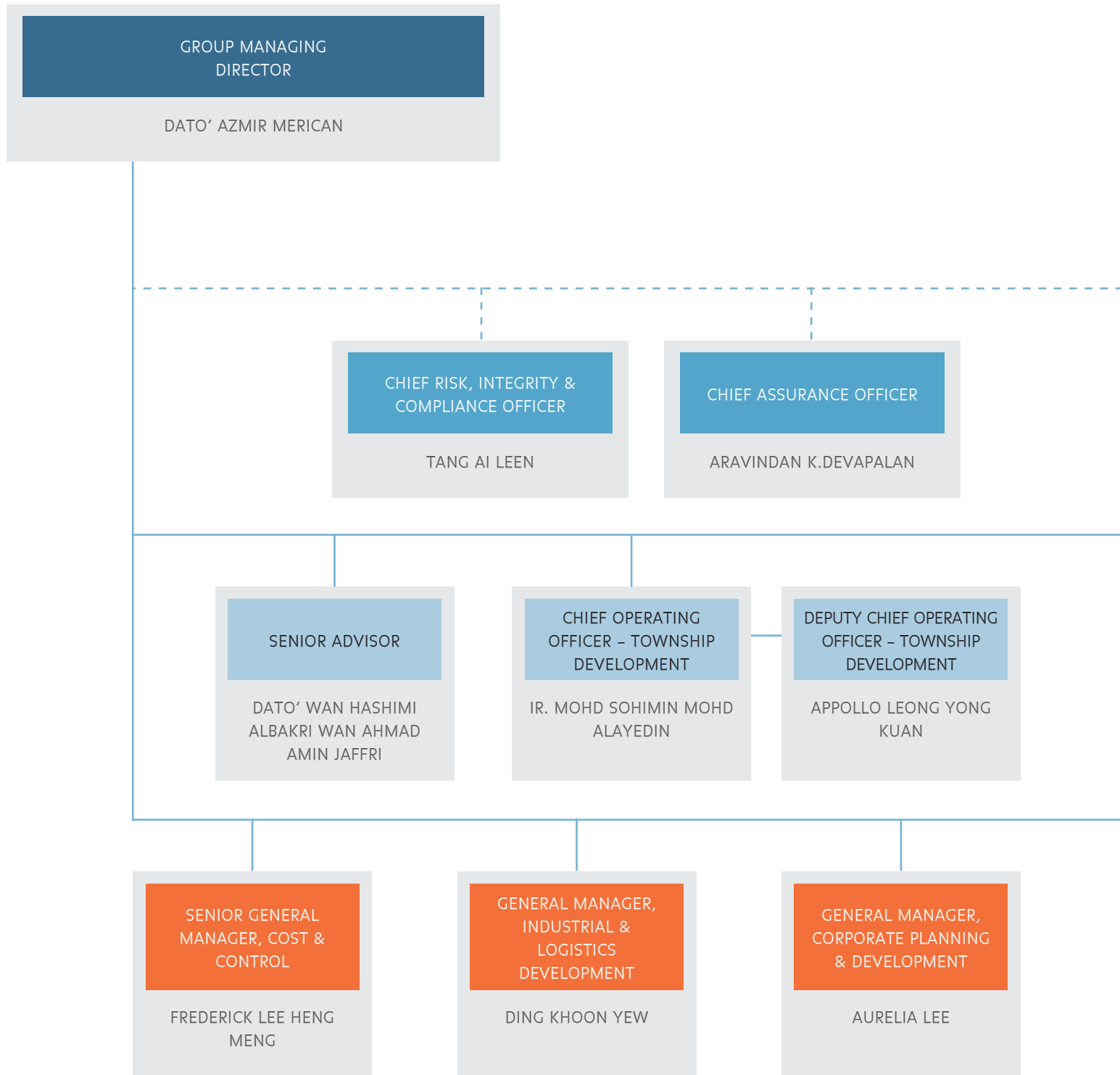
- Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

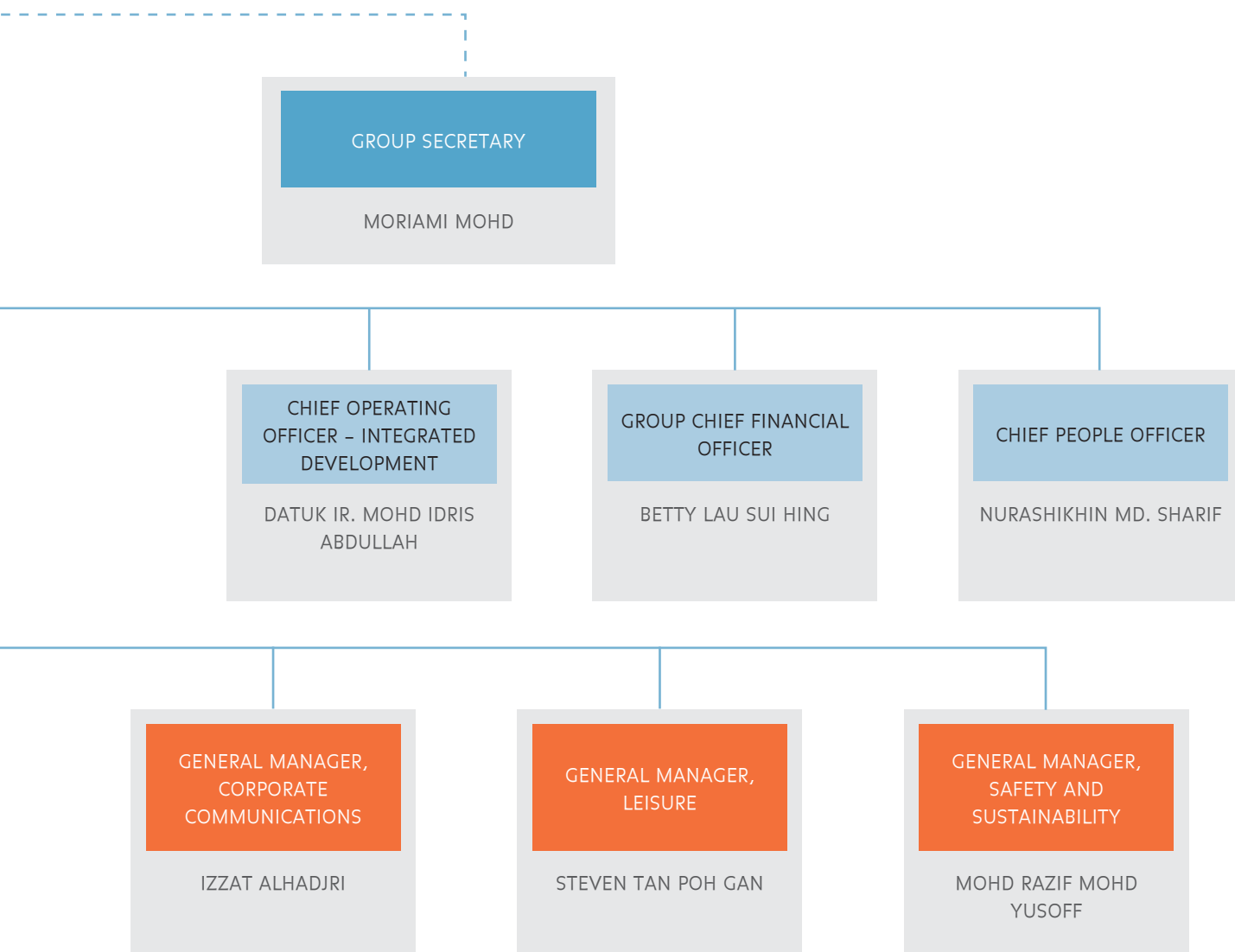
Past Relevant Experience

- 2004-2007 – Joined Kumpulan Guthrie Berhad Group in year 2004 and last held position was Group Secretary of Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad and Guthrie Ropel Berhad
- 2000-2004 – Appointed as Assistant Company Secretary of Malaysia Airports Holdings Berhad (MAHB) in year 2000. Subsequently appointed as Company Secretary of MAHB in year 2001
- 1995-2000 – Held various secretarial positions in Securities Services (Holdings) Sdn Bhd

Organisation Structure

– Corporate





Corporate Governance Overview Statement

The Board of Directors (“Board”) of Sime Darby Property Berhad (“Sime Darby Property” or “the Company”) is committed to high standards of integrity, accountability and ethics in the conduct of its business and in all aspects of the Sime Darby Property Group (“Group”)’s operations and undertakings. For Sime Darby Property, good governance is imperative to ensure sustainable long-term performance, creating long-term economic value and growth for the Group as well as maximise returns for stakeholders.

Ethical, confident and effective leadership underpins the Board’s commitment to move closer to the Group’s vision of being a ‘Leader in Building Sustainable Communities’. The Board embraces and promotes value-creating governance through a deliberate and structured approach that embeds good business practices and robust institutional governance and risk frameworks. Together with Management, the Board drives strategies, executes strong effective governance and financial practices. Your Board continues to provide judicious leadership and strategic guidance to safeguard value creation within a framework of robust and effective controls.

The financial year in review has been fraught with challenges. There is no question that the Coronavirus Disease 2019 (“COVID-19”) pandemic has fundamentally changed the way businesses operate globally. The gravity of the pandemic impact is unprecedented and is severely testing the resilience of countries and businesses.

From the perspective of corporate governance, it brings to the fore the importance of a resilient Board leadership where focus is placed on facilitating recovery and adaptation of the current impact of COVID-19 pandemic to the business. The year in review will likely continue to be volatile, dynamic and uncertain and we must be equipped to steward the Company through it, addressing the challenges and opportunities within the operating environment. Your Board believes that the way we navigate, manage and adapt to the crisis will largely influence our success, long-term resilience and agility in a changed world.

The Board’s oversight role will focus on continuing to build a resilient organisation while also laying the foundations for our future success. The Board has a responsibility to drive long-term value across a broader group of stakeholders, consumers, society and shareholders, instilling a culture of continuous change and developing talent to drive organisational transformation in a post-COVID-19 world.

Sime Darby Property is committed to continue strengthening our governance processes across the Group to ensure we are aligned with best practices and that our approach to disclosure is timely and transparent.

As testament to our commitment in ensuring transparency and accountability, we were recognised with the following awards for governance during the year under review:

- Industry Excellence Award under the 2019 MSWG-ASEAN Corporate Governance Awards
- ASEAN Asset Class Award under the 2019 ASEAN Corporate Governance Scorecard Awards
- Silver under the National Annual Corporate Report 2020 Excellence Awards (companies with RM2 billion to RM10 billion in Market Capitalisation)

This Corporate Governance Overview Statement (“CG Overview Statement”) is intended to provide investors with vital insights into the corporate governance practices of Sime Darby Property. In this Statement, the Board reports on the manner the Group has adopted and applied the statutory requirements, principles and best practices as set out in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Companies Act 2016 (“CA 2016”), Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) and Corporate Governance Guide 3rd Edition issued by Bursa Malaysia.

Sime Darby Property has generally complied with the MCCG 2017 for the financial year under review. The status of Sime Darby Property’s application of the MCCG 2017 is disclosed in our Corporate Governance Report (“CG Report”) which is accessible to the public at www.simedarbyproperty.com.

This CG Overview Statement is to be read together with the CG Report.

CORPORATE GOVERNANCE FRAMEWORK

The Board is accountable to the shareholders to create and deliver sustainable value through oversight of the management of the Group's business, approving strategic plans, monitoring their implementation and providing the necessary support for their successful execution.

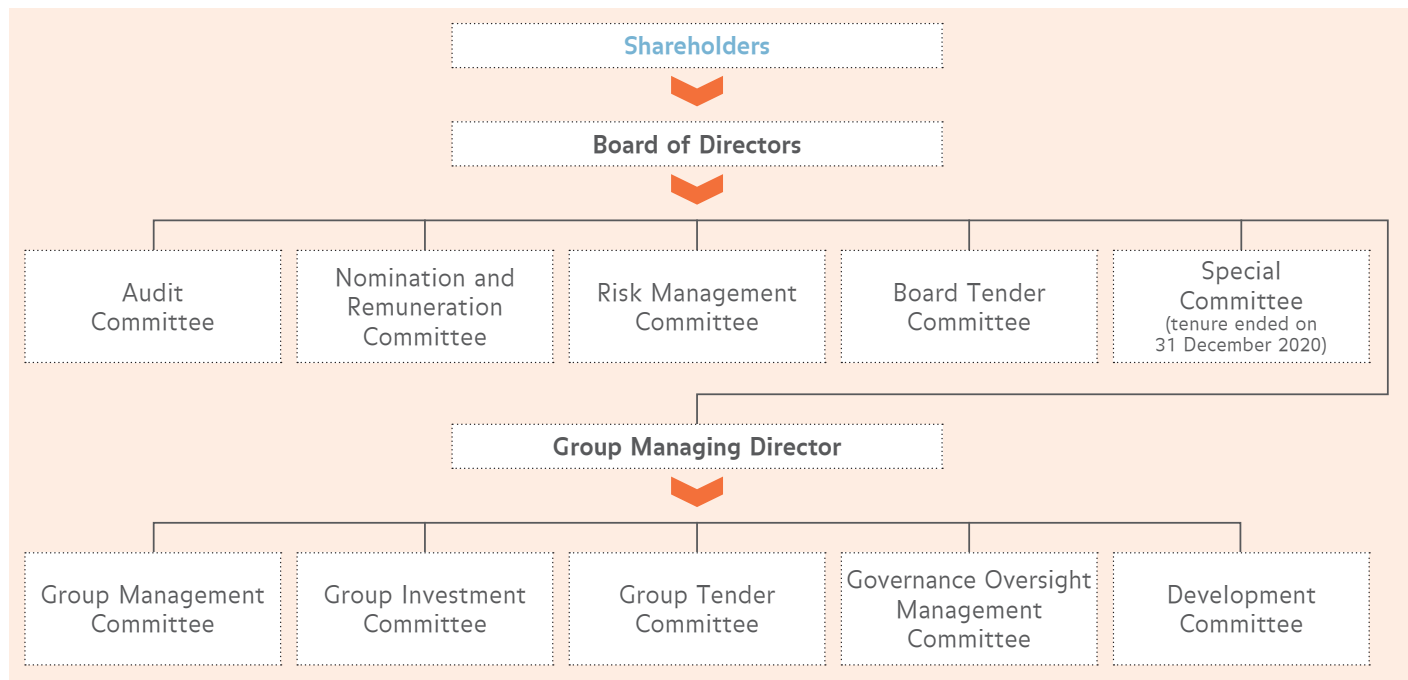
The Board performs its responsibilities within a clearly defined governance framework supported with appropriate monitoring, communication and reporting mechanisms. Through this framework, the Board, without abdicating its responsibilities, delegates its governance responsibilities to key Committees of the Board and other Management Committees. The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour.

In discharging the Board's duties and responsibilities effectively, the Board is guided by its Board Charter, a document which sets out the respective roles, functions, composition, operations and processes of the Board, Chairman, Group Managing Director and Board Committees. The Board Charter describes those

matters expressly reserved for the Board and those matters delegated to Management. The Board Charter is periodically reviewed to ensure that it, together with the Group's policies, procedures and processes, remain relevant and in alignment with developments in applicable rules and regulations and recommended best practices.

The Board Charter is available on the Company's corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

The Group's Corporate Governance Framework depicts the governance oversight role of the Board, the various components of governance that facilitate the interaction and flow between them. The table below describes Sime Darby Property's governance structure, an overview of the key Committees of the Board and other Management Committees.



Corporate Governance Overview Statement

PRINCIPLE

A

BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPAL ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is primarily responsible for the overall governance, strategy and performance of the Company and Group. The general powers of the Board and the Directors are conferred in the Company's Constitution.

In ensuring the long-term success of the Company and Group and delivery of sustainable value to its stakeholders, the Board provides effective leadership, promotes and protects the interests of its shareholders, exercises reasonable and proper care of the Group's resources as well as safeguards its assets.

In discharging its responsibilities, the Board provides the Company and Group stewardship, thought leadership and a broad range of expertise and counsel to Management, champions good governance, high ethical standards and practices.

The Board safeguards stakeholder value-creation. Prudent and effective controls make it possible for the Board to assess and manage emerging risks and opportunities continuously to ensure long-term sustainable development and growth.

All Board members exercise their powers for a proper purpose and in good faith in the best interests of the Company. In directing or managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed and operated. The Board is satisfied that it has fulfilled these duties and obligations during the financial year under review.

During the financial year under review the Board reviewed, deliberated and approved (where specifically required), the following:

Strategy

- Corporate Direction and Priorities Review for Financial Years 2021 to 2023 and Budget for the Financial Year 2021
- Strategic Opportunities
- Strategic Review on the Group's Investments

Risk, Compliance and Oversight

- Revised Group Policies & Authorities
- Group Risk Management Framework
- Group Compliance Management Framework
- Quarterly Group Risk Management Report
- Quarterly Audit Status Report
- Quarterly Key Litigation and Arbitration Cases
- Vendor Code of Business Conduct
- Anti-Bribery Management System Manual

Governance

- 2019 Annual Report Statements
- Corporate Governance Report to Bursa Malaysia
- Selection Process and Appointment of Non-Executive Directors
- Assessment and Confirmation of Group Managing Director
- Directors' Remuneration Framework and Proposed Revision to the Remuneration Package for Non-Executive Directors of the Company
- Board Effectiveness Evaluation
- Review of Board Composition
- Assessment of Directors' Training Needs & Training Programme
- Succession Planning

INDIVIDUAL ROLES OF THE BOARD MEMBERS

Effective working of the Board is imperative to the sustainable, long-term prospects and execution of strategic aims of the Company and Group. The Board achieves this through strong, transparent and open working relationships between the Directors.

DEMARCATION OF RESPONSIBILITIES BETWEEN THE NON-EXECUTIVE CHAIRMAN, GROUP MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS

Non-Executive Chairman and Group Managing Director

The roles and responsibilities of the Non-Executive Chairman and the Group Managing Director are separated, clearly defined and documented in the Board Charter.

The positions of Non-Executive Chairman and Group Managing Director are held by different individuals to ensure optimal balance, resulting in accountability and enhanced decision-making at Board level.

The hierarchical structure with a focused approach and a distinct division of responsibilities ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making. Separation in the role of the Chairman and the Group Managing Director is also imperative as both roles have different expectations and serve distinct primary audiences.

Non-Executive Chairman

The Chairman of Sime Darby Property is a Non-Independent Non-Executive Director ("Chairman"). The Chairman is responsible for providing appropriate leadership to the Board and the Group to ensure its smooth functioning and the fulfilment of its obligations to the Group.

Roles and Responsibilities:

- Leads the Board in setting the values and ethical standards of the Group, instilling good corporate governance practices, leadership and effectiveness of the Board;
- Ensures that procedures and processes are in place to facilitate effective conduct of the business of the Board;

- Presides over Board meetings, stimulates debates on issues and encourages positive contributions from each Board member;
- Ensures that Directors are properly briefed on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranges for informal meetings beforehand to enable thorough preparation so that ultimately, decisions can be made on a sound and well-informed basis; and
- Leads the Board in setting key policies and directions and ensures that the Board fulfils its obligations under the Board Charter.

The findings of the Board Effectiveness Evaluation ("BEE") conducted in the financial year under review concluded that the Chairman, Tan Sri Dr. Zeti Akhtar Aziz demonstrated strong leadership in managing Boardroom dynamics and provided an environment that encouraged Directors' participation and active debate. The Chairman also ensured that there was continued focus on addressing critical matters and issues, through excellent stewardship and guidance throughout the year to navigate the challenges faced by the Company. Directors also cited the Chair's strengths in providing guidance to Board members and Management whilst setting a strong tone at the top on risk, compliance and governance matters.

Group Managing Director

The Group Managing Director is presently the sole Executive Director on the Board. He is responsible for the overall operations of the business, its day-to-day management, organisational effectiveness and the implementation of the Group's strategies and policies. The Group Managing Director is assisted by the Management Committees in managing the Company's business and achieving the Group's corporate targets and plans.

Roles and responsibilities:

- Develops and implements the Group's long-term strategy and vision leading to the creation of long-term profitability and stakeholder value;

Corporate Governance Overview Statement

- Accountable to the Board for the financial management and reporting, including forecasts and budgets of the Group;
- Promotes a corporate culture entrenched in core ethical values of individual as well as collective responsibility, integrity and accountability, and implements the Group's corporate social responsibilities;
- Formulates and oversees implementation of major corporate policies;
- Develops the business direction of the Group and ensures that the business strategies are effectively executed in line with the Board's direction; and
- Recommends suitable management structures and operating authority levels.

During the financial year under review, the Board appointed Dato' Azmir Merican as the Group Managing Director of Sime Darby Property with effect from 22 April 2020.

At the start of his term, Dato' Azmir Merican adapted the Company's key initiatives and priorities that were drawn up following the financial year 2017 listing of the Company, initiated and further developed a transformation plan of the Group's strategic direction ("SHIFT 2.0 Strategy").

Key corporate priorities were identified quickly and the Company's three-pronged foundations – transforming, bridging and consolidating gaps between strategy and execution, strengthened in the financial year 2020.

The Board is confident that the corporate priorities will pivot the Group's business into broadening income streams, strengthening competencies, developing new capabilities and initiate as well as drive digital transformation.

These aspired targets can be achieved through focus areas that enhance organisational performance and stakeholders' interest, together with key enablers formulated as guiding pillars and the underpinning of the strategic direction.

With the initiatives' proper alignment and clarity, Sime Darby Property is poised in its transformation journey from a pure-play property developer into a leading real estate development company by year 2025.

Notwithstanding the challenges of the COVID-19 pandemic, Sime Darby Property has to-date won numerous achievements under various categories, including among others, industry, sustainability and Corporate Social Responsibility.

The Group Managing Director, Dato' Azmir Merican continues to drive the Company to explore emerging trends, manage disruptions and capitalise on opportunities to enable greater experience for our customers, streamline collaboration tools for greater efficiency and explore future market demands and trends impacting the business sector of housing construction through new technologies.

Non-Executive Directors

All Non-Executive Directors ("NEDs") of the Company are independent of Management. The NEDs possess the necessary expertise and experience to ensure that the strategies proposed by Management are fully deliberated and examined, taking into account the interests of the shareholders and other stakeholders. They contribute to the formulation of policy and decision-making through their expertise and experience.

Whilst they provide an effective oversight over Management, NEDs do not participate in the day-to-day management of the Group.

NEDs do not engage in business dealings or other relationships with the Group (other than in situations permitted by applicable regulations) that could be reasonably perceived to materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

All Directors must exercise their judgement independently at all times, irrespective of their status on the Board.

Independent NEDs play a significant role in providing unbiased and independent views, advice and judgement thereby bringing objectivity and scrutiny to the Board's deliberations and decision-making as well as ensuring there are continued checks and balances in the functioning of the Board. Their role is also particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

Dato' Jaganath Derek Steven Sabapathy is the Board's Senior Independent Non-Executive Director and fulfils the prescribed criteria and level of seniority for the position of Senior Independent Director. He acts as the main liaison between the Independent Non-Executive Directors and the Chairman on matters that may be deemed sensitive. He is available for confidential discussions with other NEDs who may have concerns which they believe have not been considered by the Board as a whole. The Senior Independent Director also provides an alternative avenue of communication for shareholders and other stakeholders to convey their concerns and raise any issues so that these can be channeled to the relevant parties. In common with the other NEDs, the Senior Independent Director has the same legal responsibilities to the Group as all other Directors.

The NEDs, either individually or collectively as a Board, are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The costs of procuring these professional services are borne by the Company.

BOARD COMMITTEES

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to Committees with their own respective Terms of Reference. During the financial year under review, the Board was assisted by the following Board Committees:

- 1) Audit Committee;
- 2) Nomination and Remuneration Committee;
- 3) Risk Management Committee; and
- 4) Board Tender Committee.

The Chairman of each Board Committee reports to the Board on deliberations, discussions and outcome of his/her Committee meetings. This permits the Board to raise any comments and views, if any, on all deliberations.

The Terms of Reference of the Audit Committee ("AC"), Nomination & Remuneration Committee ("NRC") and Risk Management Committee ("RMC") are available on the Company's website at www.simedarbyproperty.com/who-we-are/corporate-governance.

The reports of the AC, NRC and RMC are set out on pages 192 to 210 of this Annual Report.

On 16 January 2020, the Board approved the establishment of a temporary Special Committee of the Board primarily to oversee and monitor the implementation of the Board's decisions and to provide strategic guidance to the Group as delegated by the Board in the Special Committee's Terms of Reference. Having fulfilled its role during the transition of leadership to the current Group Managing Director, the tenure of the Special Committee ended on 31 December 2020.

Corporate Governance Overview Statement

The summary of roles, responsibilities and composition of the Board Committees are as follows:

Board Committees	Roles
Audit Committee Comprises four (4) members, all of whom are Independent Non-Executive Directors.	Oversees the Group's financial reporting process and practices, reviews the Group's business process and system of internal controls across the Group as assess the suitability, objectivity and the independence of both external auditors and internal audit function.
Nomination and Remuneration Committee Comprises four (4) members, three (3) of whom are Independent Non-Executive Directors. All members are Non-Executive Directors.	Assists the Board in fulfilling its responsibilities with regard to the appropriate size and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board. Ensures that there is sufficient succession planning and human capital development focus in the Group and recommends to the Board the remuneration framework for the Non-Executive Directors, Executive Directors and key critical positions of the Group.
Risk Management Committee Comprises five (5) members, four (4) of whom are Independent Non-Executive Directors. All members are Non-Executive Directors.	Oversees the risk, compliance and integrity management frameworks and policies of the Group. The Committee supports the Board in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group. 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.
Board Tender Committee Comprises five (5) members, three (3) of whom are Independent Non-Executive Directors while the other two (2) members are the Group Managing Director and a Non-Independent Non-Executive Director.	Evaluates and reviews tender awards valued above RM50 million up to RM300 million.
Special Committee Comprised four (4) members, three (3) of whom were Independent Non-Executive Directors. All members were Non-Executive Directors. (The tenure of this committee ended on 31 December 2020)	Assisted the Board in ensuring that the decisions of the Board on strategic matters, potential investments, business plans, budgets and critical operational issues were carried out, implemented and/or monitored efficiently and effectively by the Management within the requirements of good corporate governance practices. Oversaw and monitored the implementation of the Board's decisions, to make decisions in carrying out its roles and provided strategic guidance for the Group as delegated by the Board in its Terms of Reference.

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.

GROUP SECRETARY

The Group Secretary of Sime Darby Property is qualified to act as company secretary under Section 235 of the Companies Act 2016.

The Group 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 Secretary is responsible in facilitating effective information flows within the Board and Board Committees and between Senior Management and NEDs. All Directors have unrestricted direct access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

The Group 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 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 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 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 Secretary to the Board in discharging their functions in the financial year under review. The roles and responsibilities of the Group Secretary are clearly specified in the Board Charter.

Puan Moriame Mohd is the Group Secretary and has been with the Group since 2004. Puan Moriame is a Fellow of the Malaysian Institute of Chartered and Administrators ("MAICSA") and has more than twenty-five (25) years of experience in corporate secretarial practice.

BOARD MEETINGS, ATTENDANCE AND ACCESS TO INFORMATION

Prior to each Board meeting, a formal and structured agenda together with a set of Board papers are forwarded to all Directors at least five (5) working days in advance to allow sufficient time for the Directors to review and analyse relevant information and if necessary, obtain further information on matters to be deliberated. Board meetings may also be called at shorter notice when critical or urgent decisions are required to be made or when the Board's expeditious review or consideration is necessary. Urgent matters or papers may be presented for tabling or deliberation at Board meetings under 'Any Other Business' subject to the approval of the Chairman and the Group Managing Director.

Access by Board members to Board papers is carried out online, through a collaborative software which allows the Directors to securely access, read and review Board papers and confer with each other and the Group Secretary electronically at any time or location. This software eases the process of distribution of Board papers, Circular Resolutions and minimises leakage of sensitive and confidential information.

Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties.

Corporate Governance Overview Statement

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 always 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 immediately declare if they have any interest in transactions that are to be entered directly or indirectly with the Company or 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 Secretary as and when they were appointed to other boards.

During the financial year under review, the Board met seven (7) times, four (4) of which were scheduled meetings. All Directors achieved full attendance during the financial year under review. Due to the COVID-19 pandemic, most of the meetings of the Board and Board Committees from March 2020 onwards were held virtually via Microsoft Teams platform.

All Directors complied with the minimum requirements on attendance of at least 50% at Board meetings pursuant to Paragraph 15.05(3)(c) of the Listing Requirements.

DIRECTORS' ATTENDANCE FOR THE FINANCIAL YEAR 2020

Details of attendance of each Director at Board meetings held during the financial year under review are set out below:

Directors	Designation	No. of Meetings Attended
Tan Sri Dr. Zeti Akhtar Aziz	Non-Independent Non-Executive Chairman	7/7
Dato' Azmir Merican (Appointed on 22 April 2020)	Group Managing Director	5/5*
Dato' Jaganath Derek Steven Sabapathy	Senior Independent Non-Executive Director	7/7
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Independent Non-Executive Director	7/7
Dato' Seri Ahmad Johan Mohammad Raslan	Independent Non-Executive Director	7/7
Datin Norazah Mohamed Razali	Independent Non-Executive Director	7/7
Encik Rizal Rickman Ramli	Non-Independent Non-Executive Director	7/7
Dato' Soam Heng Choon (Appointed on 1 July 2020)	Independent Non-Executive Director	3/3*
Encik Mohamed Ridza Mohamed Abdulla (Appointed on 1 July 2020)	Independent Non-Executive Director	3/3*
Dato' Johan Ariffin (Retired on 26 June 2020)	Non-Independent Non-Executive Director	4/4*
Datuk Dr. Mohd Daud Bakar (Resigned on 1 July 2020)	Non-Independent Non-Executive Director	4/4*
Datuk Poh Pai Kong (Deceased on 30 August 2020)	Independent Non-Executive Director	5/5*

* Reflects the number of meetings held during their tenure in office and attended by them.

BOARD EFFECTIVENESS

BOARD BALANCE AND COMPOSITION

The Board is diverse in demographics, skills and experience.

The Board's size ensures that the purpose, involvement, participation and harmony and sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Group's strategic objectives. It also ensures diversity and inclusiveness in views as well as facilitating effective decision-making and constructive deliberation during its meetings.

The Board would like to take the opportunity to place on record its utmost appreciation to the late Datuk Poh Pai Kong for his immense contribution during his tenure as a Director of the Company. Datuk Poh Pai Kong had served as a Director of the Company from 1 December 2018 to 30 August 2020.

Corporate Governance Overview Statement

Following the demise of Datuk Poh Pai Kong, the Board comprises nine (9) members the majority of whom are Independent Non-Executive Directors as follows:

- Six (6) Independent Non-Executive Directors;
- Two (2) Non-Independent Non-Executive Directors including the Chairman; and
- Group Managing Director.

The composition of the Board is in line with the requirements of Paragraph 15.02 of the Listing Requirements and the MCCC 2017's Practice 4.1 for Large Companies.

The nine (9) members of the Board are persons of integrity and calibre who have sound knowledge and understanding of the Company's business and provide a diversity of breadth in experience and knowledge, insights, perspectives and independent judgement.

The balance on the Board with the presence of NEDs ensures that no individual or small group of Directors are able to dominate the decision-making process and that the interests of shareholders are protected.

The profile of each member of the Board is presented on pages 131 to 139 of this Integrated Report.

The Board Charter specifies that the tenure of an Independent NED shall not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent NED shall be redesignated as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek shareholders' approval annually.

During the financial year under review, Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, an Independent NED, had reached a cumulative term of ten (10) years.

Following approval of the shareholders obtained at the Company's Annual General Meeting ("AGM") in the previous year, the same shareholders' approval was obtained at the Company's 47th AGM held on 26 June 2020, for Tengku Datuk Seri Ahmad Shah to be retained as an Independent NED until the next AGM of the Company scheduled to be held on 6 May 2021.

The Board considered the suitability of Tengku Datuk Seri Ahmad Shah as an Independent NED and agreed that he should continue to act as an Independent NED of the Company subject to approval of the Company's shareholders at the 48th AGM. The Board through the NRC assessed the independence of Tengku Datuk Seri Ahmad Shah and agreed that his retention as Independent NED was in the best interests of the Company.

During the financial year under review, the NRC reviewed the composition of the Board taking into consideration the mix of skills, competencies, experience, integrity, personal attributes and time commitment required of an individual Director to effectively fulfil his or her role as a Director on the Board. Diversity in terms of age, gender and ethnicity were also considered.

The findings of the BEE conducted for the financial year 2019 showed that consideration should be given to appointment of professionals who could enhance the Board composition. Possible appointees to the Board could be sourced from property development, business development and legal sectors. The successful candidates would fill the vacancies created by the departures of Dato' Johan Ariffin and Datuk Dr. Mohd Daud Bakar, who had retired/resigned as Directors on 26 June 2020 and 1 July 2020, respectively.

After a rigorous and robust selection process, the Board, on 1 July 2020, on the recommendation of the NRC, approved the appointments of Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla. The announcement to Bursa Malaysia on both these appointments was released by the Company on the same date.

In the BEE conducted during the financial year under review, the findings indicated that the Directors considered favourably the current Board composition where it reflected balance and diversity in terms of experience and expertise. The BEE results also showed that the Directors had contributed to a Boardroom atmosphere of active debate, participation and questioning.

Based on the BEE findings, the establishment of the Special Committee during the financial year 2020 provided strong support to the Board in overseeing the Company. In addition, despite the challenges faced during the period under review, there has been good engagement between Board and Management which is mainly attributable to pre-meeting sessions conducted by each Committee Chair with Management.

Moving forward, whilst the majority of the Board viewed its composition as appropriate, there were suggestions to add the following experience to the Board, whilst maintaining commitment to diversity of background, experience and gender:

- Branding, communications and public relations
- Technology, particularly in the area of smart technology, big data and digital
- Sustainability and climate change

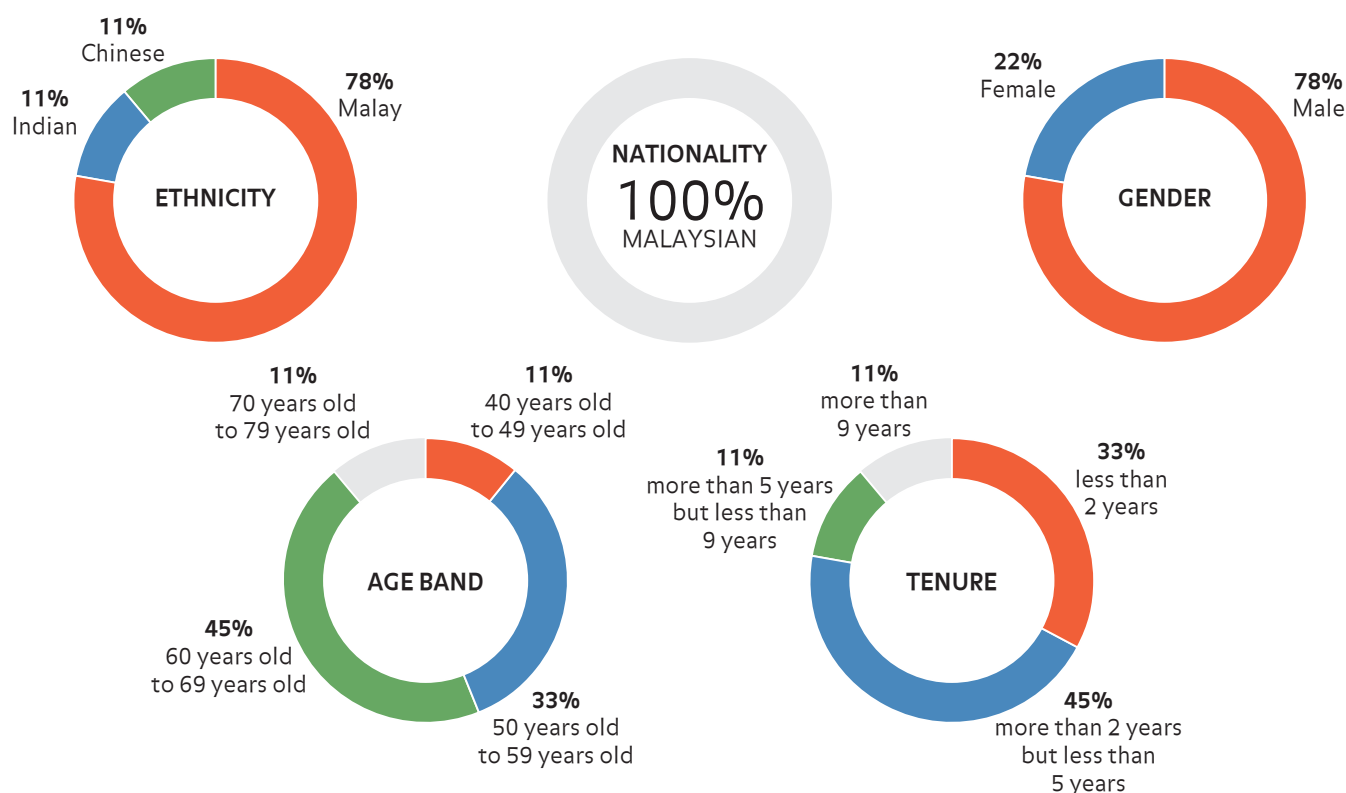
BOARD DIVERSITY

In managing the diversity of the Board, the Board is guided by the Board Composition Policy and Framework and ensures 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 the Company.

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 the Company 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 current Board's diversity is depicted in the following matrix:



Corporate Governance Overview Statement

The Board has two (2) women Directors, one (1) of whom is the Chairman. The Board supports the Government's target of having 30% women's participation on boards of public companies. The pursuit to actively source for suitable women candidates continues to be a priority of the Board and the NRC's corporate governance agenda in the new financial year.

INDEPENDENCE ASSESSMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

It is important for the Board to assess the independence of its Independent NEDs. This is undertaken annually with reference to the key criteria developed by the NRC and the Listing Requirements, which include independence from Management and 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 the Company 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 the Company as a whole.

Each Independent NED Director also provided his/her declaration of independence to the Company 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.

BOARD APPOINTMENT PROCESS

The Board believes orderly succession will be achieved through careful planning. While the majority of the current Directors have only served the Board for less than five (5) years, the composition of the Board will be reviewed from time to time to ensure the Board remains relevant and is able to contribute effectively.

The Board has in place a formal and transparent process on the appointment of new Directors. The search for Directors may also be made through engagement of a professional recruitment or from recommendations by existing Board members. In its selection of Board candidates, the NRC takes into account the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively discharge his/her role as Director.

The principle of achieving Board balance through diversity and inclusivity is encapsulated in the Board Composition Policy Framework and the Terms of Reference of the NRC. The Board has delegated to the NRC the responsibility of carrying out this function.

In its selection of suitable candidates, the NRC identifies the gaps in the Board composition before sourcing, screening, conducting the initial selection of potential candidates and assessing the ability to perform effectively on those who have been identified.

In line with findings of the Board Effectiveness Evaluation conducted for the financial year 2019 to enhance the Board composition in property development, business development and legal, the Board, on 1 July 2020, on the recommendation of the NRC, approved the appointments of Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla.

For information on the profiles of Dato' Soam Heng Choon and Encik Mohd Ridza Mohamed Abdulla, please refer to pages 138 to 139 of this Annual Report.

BOARD EFFECTIVENESS EVALUATION

The Board Effectiveness Evaluation ("BEE") is to evaluate the performance of the Board/Board Committees and Members of Board Committees as well as identifying 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, PricewaterhouseCoopers ("PwC"), to conduct and facilitate the BEE for the financial year under review. The BEE comprised a Board Evaluation, a Committee Evaluation and a Directors' Self and Peer Evaluation, designed to improve the Board's effectiveness as well as to bring to the Board's attention, key areas that needed to be addressed in order to maintain Board cohesion notwithstanding its diversity.

The results of the BEE were presented to the Board on 25 February 2021 where the Board noted the findings and areas that necessitated further improvements. The Board was satisfied with the BEE results which indicated that there had been improvements across all areas since the BEE conducted for the previous financial period.

The results further indicated that there was appropriate focus and strong oversight in key Board responsibilities, supported by effective performance of the Board Committees to support the Board including in providing good deliberations and recommendations to address challenges. The Board as a whole had discharged its functions, duties and responsibilities effectively in accordance with its Board Charter and there was a positive Boardroom environment and healthy Boardroom dynamics.

There were no apparent weaknesses or shortcomings identified that warranted specific action plans by the Board. Nonetheless, the findings of the BEE results showed that the Board ought to continue its focus and prioritise the following areas of enhancement in the new financial year:

- 1) Place more focus and oversight over procurement activities, to ensure appropriate policies and procedures are in place and adhered to, as well as to further strengthen the procurement function.

- 2) Place more emphasis on technology as required, in order to transform the Group into a digital business, whilst addressing challenges related to internal IT systems and infrastructure.

There were also some suggestions to consider other skill sets on the Board such as branding, technology (i.e. smart technology, big data and digital) and sustainability.

Specific disclosures on other activities of the NRC are set out in the NRC Report on pages 192 to 201 of this Annual Report and the CG Report. It embraces Principle A of the MCCG 2017 in relation to the Board composition.

RE-ELECTION OF DIRECTORS

Pursuant to Rule 111 of the Company's Constitution, one-third (1/3) of the Directors, or if their number is not a multiple of three (3), the number nearest to 1/3, shall retire from office and may offer themselves for re-election at the next AGM.

Tan Sri Dr. Zeti Akhtar Aziz and Dato' Seri Ahmad Johan Mohammad Raslan are due to retire at the Forty-Eighth AGM to be held on 6 May 2021 ("48th AGM") pursuant to Rule 111 of the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 48th AGM, the Board through its NRC, had assessed each of the retiring Directors, and considered the following:

- 1) The Directors' performance and contribution based on Self and Peer Assessment results of the BEE conducted for the financial year under review;
- 2) The Directors' level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and
- 3) The level of independence demonstrated by the independent Director, and his/her ability to act in the best interests of the Company in decision-making.

Dato' Seri Johan Raslan has expressed his intention to seek for re-election at the 48th AGM to be held on 6 May 2021. Tan Sri Dr. Zeti Akhtar Aziz has expressed her intention not to seek for re-election at the 48th AGM. Hence, she will retain office until the close of the 48th AGM.

Corporate Governance Overview Statement

Any new Director(s) appointed prior to the convening of the forthcoming 48th AGM will also be subject to re-election at the 48th AGM pursuant to Rule 92.3 of the Company's Constitution. Accordingly, Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla, who were both appointed with effect from 1 July 2020 would each retire pursuant to Rule 92.3 of the Company's Constitution and be subject to re-election as a Director.

CONTINUING DEVELOPMENT PROGRAMME FOR DIRECTORS

As at the date of this Statement, all the Directors have attended the Mandatory Accreditation Programme as required under the Listing Requirements.

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 Board has delegated the role of reviewing the training and development needs of the Directors to the NRC.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Group.

Notwithstanding the prevailing COVID-19 pandemic and the limitations on physical activities, the Group Secretary facilitated the Directors' external training programmes, workshops and seminars covering areas which were considered useful and relevant to the Directors in the effective discharge of their duties. Following the individual and collective assessment of the Directors, a list of training programmes was recommended to the Board for its endorsement.

The Group Secretary organised and facilitated an inaugural online virtual training for the Board during the financial year under review, which covered the following topics:

- 1) The Quiet Transformation of Corporate Governance
- 2) The Board & Sustainable Leadership for the Decade of Action

Two (2) prominent subject-matter experts namely Professor Erik Vermeulen of Tilburg University and Mr. Stephen Langton, Board & CEO Advisory Group Head, Russel Reynolds Associates, Singapore were invited to speak on 'The Quiet Transformation of Corporate Governance' (6 November 2020) and 'The Board & Sustainable Leadership for the Decade of Action' (14 December 2020).

Details of the training events attended and participated by the Directors during the financial year under review are set out below:

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
TAN SRI DR. ZETI AKHTAR AZIZ	6 February 2020	Asset and Risk Management Seminar	OMFIF (Panel Speaker)
	2 June 2020	Central Banks: Navigating in Turbulent Times "Communication in Times of Crisis"	Asia School of Business – Iclif Executive Education Center/ David Marsh
	9 June 2020	Central Banks: Navigating in Turbulent Times "Financial Support in Times of Crisis"	Asia School of Business – Iclif Executive Education Center/ Prof. Hans Genberg

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
TAN SRI DR. ZETI AKHTAR AZIZ (cont'd.)	16 June 2020	Central Banks: Navigating in Turbulent Times <i>"Central Banks' Dilemma in a Time of Crisis: Independence, Subservience, or Co-Dependence with the Government?"</i>	Asia School of Business – Iclif Executive Education Center (Speaker)
	8 August 2020	AMEU Economics Summit 2020 <i>"Economics After Tomorrow – Building Malaysia's Economic Resilience"</i>	Association of Malaysian Economics Undergraduates (Keynote Speaker)
	31 August 2020	Regional Conversation #2 <i>"Financing for Development in the Era of COVID-19 and Beyond"</i>	United Nations' Economic and Social Commission for Asia and the Pacific ("UN ESCAP") (Speaker)
	24 September 2020	"Rethinking the Roles of Islamic Economics and Finance in Post-Pandemic Era: Driving Change Through Research"	Bank Indonesia Institute (Keynote Speaker)
	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i> ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i> iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd Till Vestring, Advisory Partner, Bain & Company, Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
TAN SRI DR. ZETI AKHTAR AZIZ (cont'd.)	29 September 2020	Young Professionals Dialogue	Permodalan Nasional Berhad/ YB Minister of Finance & Intan Nadia Jalil (CEO, PNB Research Institute)
	2 October 2020	ORBIT Talk Series "Economic Recovery: Reflecting 1997 Financial Crisis – Economic Recovery Post-Pandemic COVID-19"	Malaysia Digital Economy Corporation (MDEC) (Speaker)
	20 October 2020	2020 IIF Global Debt and Financial Stability Virtual Roundtable	Institute of International Finance
	27 October 2020	Virtual Roundtable "Navigating the Pandemic: A Multispeed Recovery in Asia"	International Monetary Fund (IMF)
	28 October 2020	"AIIB in 2021 and Beyond: Shifting from Crisis Response to Sustainable Recovery"	Asian Infrastructure Investment Bank
	29 October 2020	South-East Asia Multi-Stakeholder Forum on Implementation of the Sustainable Development Goals "Understanding the Importance of Financing in the Context of the COVID-19 South-East Asia Recovery and the 2030 Agenda for Sustainable Development"	UN ESCAP (Keynote Speaker)
	4 November 2020	Conversations on Central Banking "How Can the Integrated Policy Framework Benefit Emerging Economies?"	Asia School of Business/ Jose de Gregorio & Veerathai Santiprabhob
	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	25 November 2020	Conversations on Central Banking "Central Bank Independence"	Asia School of Business/ Soedradjad Djiwandono & Martin Redrado

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
TAN SRI DR. ZETI AKHTAR AZIZ (cont'd.)	26 November 2020	Knowledge Sharing Initiative (KSI) Forum <i>"Malaysia and ASEAN: Navigating US-China Relations in the 21st Century"</i>	Permodalan Nasional Berhad/ Richard Record (Economist, World Bank), Danny Quah (Dean in Economics, National University of Singapore) & Kishore Mahbubani (Former Career Diplomat, Distinguished Fellow of Asia Research Institute)
	2 December 2020	YTI Memorial Lecture 2020 <i>"How Safe Are the Safe Haven Assets in Malaysia? – Lessons from COVID-19 Pandemic"</i>	Permodalan Nasional Berhad/ Prof. Dr. Robert William Faff (University of Queensland)
	3 December 2020	BFA Asia-Europe Cooperation Dialogue Panel <i>"Will Globalisation Survive COVID-19"</i>	Boao Forum for Asia & the Reinventing Bretton Woods Committee (Panelist)
	7 December 2020	"Central Banking in the COVID-19 Era – Global Liquidity and International Lender of Last Resort"	Columbia University (Panelist)
	9 December 2020	Conversations on Central Banking <i>"Building Resilience and Policy Framework"</i>	Asia School of Business (Speaker)
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)
	16 December 2020	Conversations on Central Banking <i>"Managing Macro-Financial Crises"</i>	Asia School of Business/ Már Guðmundsson & Patrick Honohan

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATO' AZMIR MERICAN	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank
		ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company, Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	26 & 27 November 2020	Housing Conference 2020: Beyond the Pandemic – Reshaping Real Estate	REHDA Institute
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)
DATO' JAGANATH DEREK STEVEN SABAPATHY	5 October 2020	Capital Market Director Programme (CMDP) Module 1 Directors as Gatekeepers of Market Participants	Leadership ICF L4 SME: Lee Shih & Devaneson Evanson
	12 October 2020	Capital Market Director Programme (CMDP) Module 2B Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management)	Leadership ICF L4 SME: Geoffrey Ng

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATO' JAGANATH DEREK STEVEN SABAPATHY (cont'd.)	13 October 2020	Capital Market Director Programme (CMDP) Module 3 Risk Oversight and Compliance – Action Plan for Board of Directors	Leadership ICF L4 SME: Jas Bir Kaur
	19 October 2020	Capital Market Director Programme (CMDP) Module 4 Emerging and Current Regulatory Issues in the Capital Market	Leadership ICF L4 SME: Devaneson Evanson & Natalie Sylvia Chow
	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u> i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i> ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Sime Darby Property Berhad Suhaimi Ilias, Chief Economist, Maybank Investment Bank Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company, Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
TENGKU DATUK SERI AHMAD SHAH	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank
		ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company, Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)
	4 May 2020	Navigating the COVID-19 Crisis: The New Normal of the Workforce	Dr Tan Juan Jim, Willis Towers Watson/ Institute of Corporate Directors Malaysia (ICDM)
	25 June 2020	Force Majeure & COVID-19: How are Contractual Relationships Affected and Managed?	Mr Khoo Guan Huat Partner, Skrine
	30 June 2020	Financial Oversight & Assurance Post-COVID-19	Vincent Loh, Institute of Corporate Directors Malaysia (ICDM)
	30 June 2020	Strategic Decision-Making	Talita Ferreira, Institute of Directors UK Training
	1 July 2020	Board Matters Interim Results: Post-Lockdown Considerations for Audit Committees	EY London

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN (cont'd.)	15 July 2020	ESG-Related Risks	Business Council for Sustainable Development Malaysia
	25 September 2020	Section 17A Malaysian Anti-Corruption Commission Act 2009	Deloitte Malaysia/ Institute of Corporate Directors Malaysia (ICDM)
	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank
		ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
	27 October 2020	How to be an Effective NED in a Disruptive World	Jo Haigh Institute of Corporate Directors Malaysia (ICDM)
	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	26 November 2020	Knowledge Sharing Initiative (KSI) Forum <i>"Malaysia and ASEAN: Navigating US-China Relations in the 21st Century"</i>	Permodalan Nasional Berhad/ Richard Record (Economist, World Bank), Danny Quah (Dean in Economics, National University of Singapore) & Kishore Mahbubani (Former Career Diplomat, Distinguished Fellow of Asia Research Institute)
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATIN NORAZAH MOHAMED RAZALI	9 March 2020	PowerTalk #9: Adequate Procedure – The Director's Response to Individual Liability	Institute of Corporate Directors Malaysia (ICDM)
	11 March 2020	Series 2 Corporate Culture and ERM	Institute of Enterprise Risk Practitioners
	16 April 2020	BCG Asia Pacific Executive Webinar: Navigating COVID-19	Boston Consulting Group
	29 May 2020	Best in Class Boards and Post COVID-19 Governance (Webinar)	IMD
	2 July 2020	Corporate Governance Rules Amidst COVID-19 Programme	Institute of Corporate Directors Malaysia (ICDM)
	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank
		ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
	19 & 20 October 2020	Petronas Board Excellence Training Advanced 1: Best Practices for Board Excellence	Petronas
	23 October 2020	COVID-19 Vaccines and Therapeutics Pipeline, Manufacturing Capacity and Rollout Confirmation	The Boston Consulting Group's Global Healthcare Practice

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATIN NORAZAH MOHAMED RAZALI (cont'd.)	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	26 & 27 November 2020	Housing Conference 2020: Beyond the Pandemic – Reshaping Real Estate	REHDA Institute
	1 December 2020	<u>Directors' Training:</u> i) The Impact to Directors Post Enforcement of the Corporate Liability Provision under the MACC Act 2009 ii) Environment, Social and Governance (ESG) Risks Integration iii) Task Force on Climate-related Financial Disclosures (TCFD) Recommendations iv) Global Energy Transition	MISC Berhad Shaleni Sangaran, Messrs Skrine & Co. Phang Cy Cheng, KPMG Management & Risk Consulting Sdn Bhd Anne Cecile, KPMG Netherlands Jarand Rystad, Rystad Energy
	7 December 2020	PowerTalk Global Series #1 The Regenerative Business of the Future	Institute of Corporate Directors Malaysia (ICDM)/ Ed Gillespie (London, UK)
	10 December 2020	PowerTalk Global Series #4 On Board: The Insider's Guide to Surviving Life in the Boardroom	Institute of Corporate Directors Malaysia (ICDM)/ Sir John Tusa (London, UK)
	11 December 2020	PowerTalk Global Series #5 Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Institute of Corporate Directors Malaysia (ICDM)/ Pharid Jaffer (Vancouver Canada)
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)
	28 April 2020	MGA Industry Talk: How COVID-19 is Reshaping Gas Markets?	Boston Consulting Group Pte Ltd
	30 April 2020	Online Training – Virtual Town Hall Bersama PGCE	Permodalan Nasional Berhad
	13 May 2020	MACC Act 2009 Section 17A – Corporate Liability	Permodalan Nasional Berhad
ENCIK RIZAL RICKMAN RAMLI			

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
ENCIK RIZAL RICKMAN RAMLI (cont'd.)	27 May 2020	APAC Real Estate – How has COVID-19 impacted real estate markets in Asia-Pacific?	BlackRock
	29 May 2020	Online Talk – Perspective: Change from the Outside-In: Digital Disruption & Opportunity	Permodalan Nasional Berhad Farid Basir, Chief Human Capital Officer, TM
	18 June 2020	Deep Dive Investment TOM Strategy Workshop	Permodalan Nasional Berhad
	23 June 2020	Seminar on The Rise of Logistics Sector	Jones Lang LaSalle Incorporated
	2 July 2020	UNLOCK Webinar Series: #2 Leadership in Times of Turmoil	McKinsey & Company
	7 July 2020	Invest Malaysia 2020 (Economic, Recovery: Policies & Opportunities)	Bursa Malaysia
	14 July 2020	PNB Deep Dive – Target Operating Model	Ernst & Young Tax Consultants Sdn Bhd
	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank
		ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company, Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
	2 October 2020	PNB House View Workshop	Permodalan Nasional Berhad
	5 October 2020	PNB House View Workshop	Permodalan Nasional Berhad

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
ENCIK RIZAL RICKMAN RAMLI (cont'd.)	12 October 2020	SHIFT: Reimagining the Next Normal for Asia and the World	McKinsey & Company
	19 October 2020	Cyber Security Threats and Incident Response Awareness	Permodalan Nasional Berhad
	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	18 November 2020	SIDC's Business Foresight Forum (BFF 2020)	Velesto Energy Berhad
	26 November 2020	Knowledge Sharing Initiative Forum	Permodalan Nasional Berhad
	2 December 2020	YTI Memorial Lecture 2020	Permodalan Nasional Berhad
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)
DATO' SOAM HENG CHOON	20 February 2020	Conference on Updates on Extension of Time and Housing Laws	REHDA Institute
	27 February 2020	Seminar on Strata Management and Dispute Resolution	REHDA Institute
	28 & 29 February 2020	Malaysian Annual Real Estate Convention	MIEA
	17 April 2020	Webinar: Will the Malaysian Property Sector Survive this Mother of All Crisis? (Panelist)	EdgeProp
	24 April 2020	Impact of MCO on Vacant Possession. Pemudah Handover and Strata Management Issues – The Practical Solution (Panelist)	Pemudah
	1 May 2020	Webinar: The Malaysian Property Market. Picked Up in 2019! Could this be its last hurrah? (Panelist)	EdgeProp

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATO' SOAM HENG CHOON (cont'd.)	6 May 2020	Webinar on Tax: COVID-19 and its impact: Managing Tax Concerns for Developers	REHDA Malaysia
	9 May 2020	Proptech vs Pandemic Challenges and Opportunities (Panelist)	MHub
	11 June 2020	Webinar: Economic Recovery Plan Powering Up the Industry (Panelist)	REHDA Malaysia
	14 July 2020	Managing Strata Issues during RMCO	REHDA Institute
	21 August 2020	Latest Issues during RMCO	REHDA Institute
	4 September 2020	Post COVID-19 Real Estate Development Paradigm, Opportunities and Challenges (Speaker/Panelist)	Building & Construction Authority Singapore
	17 September 2020	MARC 360: Property Recharge 2020. Commercial and Residential Property Outlook and Trends- What Does the Sector Look Like Post COVID-19? (Speaker/Panelist)	MARC Berhad
	19 September 2020	Maybank Virtual Property Fair Low Interest Rate Environment in the Current Market Conditions: How Should Property Buyers React (Speaker/Panelist)	Maybank Berhad
	25 September 2020	Webinar on COVID-19 Act 2020	Legal Plus
	26 & 27 September 2020	Housing Conference 2020: Beyond the Pandemic – Reshaping Real Estate	REHDA Institute

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATO' SOAM HENG CHOON (cont'd.)	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank
		ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i>	Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd
		iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Till Vestring, Advisory Partner, Bain & Company, Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur
	30 September 2020	Konvensyen Jabatan Dasar Percukaian 2020 Lembaga Hasil Dalam Negeri Overview and Trend of the Property Industry including the Current Challenges (Speaker)	LHDN
	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	10, 15 & 18 December 2020	Coping with COVID-19 Temporary Measures for Reducing the Impact of COVID-19 (Panelist)	REHDA Malaysia
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)
	19 December 2020	PAM Professional Practice Forum. Surviving COVID-19: A Common Sense Approach (Speaker/Panellist)	Pertubuhan Akitek Malaysia

Corporate Governance Overview Statement

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
ENCIK MOHAMED RIDZA MOHAMED ABDULLA	3 & 5 March 2020	Capital Market Director Programme: Module 1 – Directors as Gatekeeper of Market Participants Module 2B – Business Challenges and Regulatory Expectations Module 3 – Risk Oversight and Compliance Module 4 – Current and Emerging Regulatory Issues in the Capital Market	Securities Commission Malaysia
	22 & 23 September 2020	Progressive Board Review & Directors Global Masterclass 2020	Corporate World Intelligence
	29 September 2020	Pre-Board Retreat <u>Speakers' Series</u>	Sime Darby Property Berhad
		i) Macroeconomic Outlook: <i>Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery</i> ii) Property Industry Outlook: <i>Panel Discussion: COVID-19 – What is the Reality for the Malaysian Property Industry</i> iii) Strategy & Transformation in Real Estate: <i>What are the Trends Affecting the Real Estate Space Globally</i>	Suhaimi Ilias, Chief Economist, Maybank Investment Bank Amy Wong, Director, Head of Real Estate Research & Consultancy, Savills Malaysia/ Koh Cha-ly Chief Executive Officer, Urbanmetry Sdn Bhd/ Chow Nam Kit Director, Didian Realtor Sdn Bhd Till Vestring, Advisory Partner, Bain & Company Singapore/ Gopal Sarma, Partner, Bain & Company, New Delhi/ Shazrul Asari, Partner, Bain & Company, Kuala Lumpur

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
ENCIK MOHAMED RIDZA MOHAMED ABDULLA (cont'd.)	6 November 2020	Directors' Training for FY2020: The Quiet Transformation of Corporate Governance	Sime Darby Property Berhad/ Prof. Erik Vermeulen, Institute of Corporate Directors Malaysia (ICDM)
	7 December 2020	PowerTalk Global Series #1 The Regenerative Business of the Future	Institute of Corporate Directors Malaysia (ICDM)/ Ed Gillespie (London, UK)
	14 December 2020	Directors' Training for FY2020: The Board and Sustainable Leadership for the Decade of Action	Sime Darby Property Berhad/ Stephen Langton, Institute of Corporate Directors Malaysia (ICDM)

Notwithstanding the unique challenges which prevailed within the operating environment during the financial year under review, the Board is satisfied that the Directors have received the necessary trainings which have enhanced their individual effectiveness and contribution to the Board.

DIRECTORS' REMUNERATION

The Board has established a remuneration policy for its Non-Executive Directors that aligns remuneration with strategy to drive the long-term success of the Company 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.

Corporate Governance Overview Statement

Key details of the Directors' Remuneration Framework for the financial year under review are set out below:

Fees/Benefits		Amount/Description	
Non-Executive Directors' ("NED") Fees		Board (RM/Year)	Board Committees (RM/Year)
	Chairman	540,000	70,000
	Member	220,000	40,000
Per Diem Allowance <i>(on official events and Government related matters within Malaysia or overseas)</i>	Claims to be based on "reasonable amount for reimbursables".		
Transportation <i>(official business assignments)</i>	Business class air travel.		
Accommodation <i>(on official duty)</i>	Group designated hotels.		
	Unreceipted Local Business Travel		
	Region	Meals	Accommodation
	Malaysia	RM200/day	RM200/day
	Unreceipted Overseas Business Travel		
	Continent	Meals	Accommodation
	Asia (including Oceania)	USD80	USD100
	United Kingdom	€100	€200
	Europe	€100	€200
	America	USD150	USD200
Entertainment	Reasonable entertainment expenses for the promotion of the Group's interest will be reimbursed against receipts.		
Club Membership/Privileges	Honorary membership at Tournament Players Club Kuala Lumpur ("TPC KL")/other clubs owned by Sime Property Group with free monthly subscription fees.		
	NED who becomes President of the TPC KL will be made a life time honorary member of the Club.		

Fees/Benefits	Amount/Description	
Insurance	Description	Amount
	i) Group Personal Accident Policy	RM1,000,000
	ii) Directors and Officers Liability Insurance	Cover limit of USD30 million, including an Employment Practices Liability cover of USD1 million.
	iii) Medical & Security Assistance Programme	Medical & Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad.
Medical and Hospitalisation	For NED:	
	Free medical treatment (excluding major surgeries), dental and optical subject to treatment being given by the: i) Group/Company’s Panel of Doctors. ii) Physician referred to by the Group/Company’s Panel of Doctors.	
	For NED’s Spouse and Dependent Children:	
	Medical treatment (excluding major surgeries) subject to treatment given as stated in items no. (i) and (ii) above.	
Purchase of Group/ Company Products	This entitlement is available only for products of Sime Darby Property Group.	
Meeting Allowance	RM1,500 per meeting for each of Special Committee members and any other Directors who attend and participate in any of the Special Committee meetings.	
Note: The Group Managing Director did not receive the above Fees/Benefits during his tenure as he was employed under a contract of employment.		

Corporate Governance Overview Statement

The details of aggregate remuneration of the Directors for the financial year under review are as follows:

	Salary RM	Fees ⁽¹⁾ RM	Others ⁽²⁾ RM	Benefits- in-kind ⁽³⁾ RM	Total RM
Executive Director					
Dato' Azmir Merican⁽⁵⁾ (Appointed on 22 April 2020)	1,162,000	–	274,234	4,384	1,440,618
Non-Executive Directors					
Tan Sri Dr. Zeti Akhtar Aziz (Chairman)	–	540,000	–	3,629	543,629
Dato' Jaganath Derek Steven Sabapathy	–	467,556	10,500	15,636	493,692
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	–	322,667	3,000	53,335	379,002
Dato' Seri Ahmad Johan Mohammad Raslan	–	438,445	1,500	3,729	443,674
Datin Norazah Mohamed Razali	–	330,000	–	18,441	348,441
Rizal Rickman Ramli⁽⁴⁾	–	315,111	10,500	12,010	337,621
Dato' Soam Heng Choon⁽⁵⁾ (Appointed on 1 July 2020)	–	150,000	4,500	1,719	156,219
Mohamed Ridza Mohamed Abdulla⁽⁵⁾ (Appointed on 1 July 2020)	–	150,000	–	1,719	151,719
Non-Executive Directors (Retired/Resigned/Deceased)					
Dato' Johan Ariffin (Retired on 26 June 2020)	–	141,778	4,500	2,517	148,795
Datuk Dr. Mohd Daud Bakar (Resigned on 1 July 2020)	–	145,111	–	2,123	147,234
Datuk Poh Pai Kong (Deceased on 30 August 2020)	–	203,680	4,500	114,470	322,650

(1) Directors did not receive any remuneration for services rendered to any of its subsidiaries.

(2) Comprises employer's contribution to Employees' Provident Fund and car allowance for Executive Director and meeting allowance of Special Committee meetings for Non-Executive Directors.

(3) Comprises telephone bills, parking fees, petrol, medical and insurance coverage, where relevant.

(4) Fees as nominee Director paid to Permodalan Nasional Berhad.

(5) Appointed during the financial year under review.

REVISION TO THE NON-EXECUTIVE DIRECTORS REMUNERATION FRAMEWORK

The Special Committee ("SC"), a temporary committee established on 16 January 2020 to oversee the implementation and monitoring of the Board's decisions, as well as to provide strategic guidance for the Group, fulfilled its role during the transition of leadership to the current Group Managing Director.

Following the end of tenure of the SC on 31 December 2020, the meeting allowance of RM1,500 per meeting for each of the SC members and any other Directors who attended and participated in any of the SC's meetings will be excluded from the Remuneration Framework for NEDs for shareholders' approval at the forthcoming 48th AGM.

Approval will be sought from the shareholders at the forthcoming 48th AGM for the benefits to be provided to the NEDs of up to RM500,000. The Company is not seeking any increase in the approval limit in respect of the amount of benefits payable to the NEDs from that approved in the 47th AGM.

SIME DARBY PROPERTY GROUP REMUNERATION POLICY

The Group has established a Remuneration Policy which puts in place a framework to ensure an appropriate balance between attracting, retaining and motivating its employees. The policy is designed to ensure that reward is measurably linked to achievement of business and performance objectives. The remuneration framework outlines the total compensation package of fixed remuneration and variable remuneration payable to employees.

During the financial year under review, the Board through the NRC, conducted a Total Rewards Review and Design Exercise to determine its competitiveness to the market and sufficiency to attract, retain and motivate the right talent that will help drive the Company's business goals and strategies.

REMUNERATION DISCLOSURE FOR TOP FIVE (5) KEY SENIOR MANAGEMENT

The Board is of the view that disclosure on a named basis of the top five (5) Senior Management's remuneration components in bands of RM50,000 as being disadvantageous to the Group given the competitiveness in the property industry for talent due to confidentiality of remuneration packages. Additionally, as the components of the remuneration of Senior Management are subject to the Personal Data Protection Act 2010, the Board has opted not to disclose personal data of its Senior Management to the public at large. The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.

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 the Company'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.

Corporate Governance Overview Statement

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.

1) Group Policies

a) 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 at www.simedarbyproperty.com/who-we-are/corporate-governance.

b) Vendor COBC and Vendor Integrity Pledge

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, anti-terrorism financing and fraud; and
- Vendor's commitment to have similar values and conduct in their own COBC, if any, and to complete with their own code.

c) 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.

d) 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.

e) 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, receiving 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.

f) 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 Company'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, including facilitation payment;
- Anti-Money Laundering Policy;
- Conflict of Interest Policy; and
- 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 ("ISO 37001").

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.

g) 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 newly enforced provision which came into effect on 1 June 2020, the Company 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 newly introduced Section 17A of the MACC Act 2009.

2) **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:

a) 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 Group Managing Director 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 Secretary acts as Secretary to the meetings of the GMC.

The GMC met seven (7) times during the financial year under review.

b) Group Investment Committee

The Group Investment Committee ("GIC") reviews and recommends major investment and capital expenditure proposals for tabling to the Board in accordance with the Group Policies and Authorities.

The Group Managing Director is the Chairman of the GIC.

The GIC met seven (7) times during the financial year under review.

Corporate Governance Overview Statement

c) Group Tender Committee

The Group Tender Committee ("GTC") reviews Tender Evaluation Reports/Single Source Appointment for tenders with a value of between RM5 million to RM50 million.

The Group Managing Director is the Chairman of the GTC.

The GTC met seven (7) times during the financial year under review.

d) Governance Oversight Management 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 Group Managing Director is the Chairman of the GOMC.

The GOMC met five (5) times during the financial year under review.

e) Development Committee

The Development Committee ("DevCo") was established as a Property Development platform that would review and make the necessary decisions in relation to property development.

The Group Managing Director is the Chairman of the DevCo.

The DevCo met ten (10) times during the financial year under review.

PRINCIPLE

B

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

In compliance with the Listing Requirements and the MCCG 2017, all four (4) members of the AC are Independent NEDs. The Chairman of the AC is appointed by the Board and is not the Chairman of the Board.

Collectively, the members of the AC have a wide range of relevant skills, knowledge and industry experience. They are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment. The AC is chaired by Dato' Seri Ahmad Johan Mohammad Raslan, who is a Fellow of the Institute of Chartered Accountants of England and Wales and a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

The Terms of Reference of the AC in respect of the cooling-off period for a key audit partner to observe has been changed from two (2) years to three (3) years prior to appointment as a member of the AC in line with the amendments made to the Listing Requirements.

The composition of the AC is reviewed by the NRC annually and appropriate recommendations are made to the Board. With the view to maintaining an independent and effective AC, the NRC ensures that only Independent NEDs who are financially literate, possessing the appropriate level of expertise and experience with a solid understanding of the Company's business would be considered for membership on the AC.

The Terms of Reference of the AC are available on Sime Darby Property's corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

The AC assists the Board in overseeing, monitoring and assessing the reliability and quality of the Group's financial statements, management of financial risk processes, financial reporting practices and system of internal controls.

The AC is responsible for assessing the suitability, independence and objectivity of the Group's appointed external auditors who are expected to provide relevant and transparent reports to the shareholders. In the annual assessment of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements.

The AC is also tasked with reviewing the appropriateness of the accounting policies applied by the Group and the changes in these policies. Based on the AC's recommendations, the Board ensures that the Company's financial statements prepared for each financial year sets out a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. The Statement on Directors' Responsibility in respect of the preparation of the audited financial statements of the Company is set out on page 279 of this Annual Report. The Company's financial statements are included on pages 280 to 401 of this Annual Report.

The performance of the AC for the financial year under review was evaluated as part of the BEE. Based on the results of the BEE, the Board was generally satisfied that the AC collectively and its members individually, had discharged their functions, duties and responsibilities effectively in accordance with the Terms of Reference of the AC.

The overall duties and responsibilities of the AC are set out in the AC Report on pages 202 to 206 of this Annual Report.

RELATIONSHIP WITH EXTERNAL AUDITORS

Through the AC, the Company maintains a professional and transparent relationship with its external auditors, PricewaterhouseCoopers PLT.

The AC has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence. The AC assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Group.

The AC met with the external auditors twice during the financial year under review without the presence of Management to review the scope and adequacy of the Group's audit process, the annual financial statements and their audit findings. At the meetings, the external auditors highlighted to the AC matters that warranted its attention.

The external auditors also provide non-audit services to the Company. The proposed fees for the non-audit services are reviewed by the AC and approved by the Board. In its review, the AC ensures that the independence and objectivity of the external auditors are not compromised.

The AC was satisfied with the quality of audit, performance, competency and sufficient resources provided to the Group by the external auditors during the financial year under review. The AC was also satisfied that the provision of the non-audit services by the external auditors to the Company did not impair their objectivity and independence as external auditors of Sime Darby Property.

Having considered the outcome of the annual assessment of the external auditors, the Board approved the recommendation for the shareholders' approval to be sought at the forthcoming AGM on their re-appointment as external auditors of the Company.

INTERNAL AUDIT FUNCTION

The AC oversees the Group Corporate Assurance ("GCA") function which operates under a charter mandated by the AC giving it unrestricted access to review all activities across the Group.

The GCA's main responsibility is to provide an independent and objective assessment on the adequacy and effectiveness of the Group's risk management, internal control and governance processes. The GCA carries out its internal audit function independently of Management.

The GCA is headed by its Chief Assurance Officer, Encik Aravindan K Devapalan and is staffed by thirteen (13) internal auditors with relevant experience and qualifications.

Corporate Governance Overview Statement

The AC oversees the performance and effectiveness of the internal audit function based on the approved key performance indicators, assesses the competency and experience of the GCA staff as well as the adequacy of the resources.

The GCA reports to and has direct and unrestricted access to the AC while the Chief Assurance Officer reports functionally to the Board through the AC.

A summary of the activities of the GCA during the financial year under review is set out in the AC Report on page 206 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for establishing and maintaining a sound risk management framework and system of internal control to provide reasonable assurance of the effectiveness of the Group's business operations and risk management, to safeguard shareholders' investments and the Group's assets and to ensure sustainability of the Group.

The Board fulfils its responsibilities in the risk governance and oversight functions through the RMC. The RMC consists of NEDs, five (5) of whom are Independent NEDs, one (1) Non-Independent Non-Executive Director and is chaired by a Senior Independent Non-Executive Director. The RMC ensures that the overall risk exposures and outcomes affecting the Group are effectively managed and addressed by Management and the Board. More specifically, the RMC is mandated to formulate policies and frameworks to identify, monitor, manage and control material risks impacting the Group.

The RMC supports the Board by establishing and overseeing the Group Risk Management Framework of the Group and regularly assessing the framework to ascertain its adequacy and effectiveness.

The AC regularly evaluates the adequacy and effectiveness of the Group's internal control system by reviewing the internal audit reports prepared by the GCA and considering major findings, recommendations, Management's responses and follow-up actions.

The Board is of the view that the system of internal control and risk management in place during the financial year under review is sound and sufficient to safeguard the Group's assets as well as shareholders' investments and the interests of stakeholders.

The Board is also satisfied with the performance of the RMC in discharging its responsibilities based on the results of the BEE exercise.

The information relating to Policies and Procedures on Related Party Transactions and Conflict of Interest Situations, Risk Management Processes and Internal Control procedures can be found in the AC Report and the Statement of Risk Management and Internal Control on pages 202 to 206 and pages 214 to 221 of this Annual Report respectively.

PRINCIPLE

C

INTEGRITY IN CORPORATE REPORTING AND
MEANINGFUL RELATIONSHIP WITH STAKEHOLDERSEFFECTIVE COMMUNICATION WITH
STAKEHOLDERS

Sime Darby Property is committed to and ensures that its communication with its shareholders and various stakeholders, both internally and externally is open, effective, clear, transparent, factual and timely. Sime Darby Property continuously discloses and disseminates comprehensive relevant and material information to the public through various channels to keep its stakeholders informed of its business activities, strategies and financial performance. This would enable the stakeholders to make informed decisions as well as for shareholders to exercise their rights.

Sime Darby Property engages with its institutional stakeholders and analysts and conduct regular briefings to further explain the Group's quarterly financial results. These continuous engagement programmes promote better understanding of the Group's financial performance and operations and keep them apprised on its business development.

Information on the Group's business activities and financial performance is also disseminated through various platforms such as announcements to Bursa Malaysia on its financial results and disclosures on the Company's corporate website. This helps to promote accessibility of information to Sime Darby Property's shareholders and other stakeholders. Other communication channels with the stakeholders include annual reports and roadshows conducted by the Investor Relations unit.

Additionally, Sime Darby Property embraces social media, apart from the Company's corporate website, as an important communication channel with stakeholders as these channels allow immediate access to information as well providing a platform for feedback from stakeholders.

The Annual Report, the quarterly financial results announcement and other corporate information are made available on the Company's corporate website at www.simedarbyproperty.com/investor-relations.

The Company's Annual Report is the primary channel of communication with the Group's stakeholders. The contents of the Annual Report are extensive and meet the disclosure requirements of the Listing Requirements and other regulatory requirements.

The Company has adopted the International Integrated Reporting Framework issued by the International Integrated Reporting Council since issuance of the Annual Report 2018 and has continued to adopt the same framework in this Annual Report. The Board recognises that the integrated process is an ongoing journey to improve the quality of information disclosures to stakeholders of the Company in order to promote greater transparency and accountability.

The Company remains steadfast in its commitment that all communication with stakeholders is conducted in a manner that does not contravene the COBC and/or other applicable policies and regulations as outlined under Group Policies Authorities of the Group.

CONDUCT OF GENERAL MEETINGS

The AGM serves as the principal platform for open dialogue and direct two-way interaction between the widest range of shareholders, the Board and Management.

Sime Darby Property held its 47th AGM on 26 June 2020, being its third AGM post the listing of the Company in 2017. Due to enforced movement limitations arising from the COVID-19 pandemic and with shareholders' safety as priority, the 47th AGM was for the first time conducted on a fully virtual basis held at a broadcast venue.

Corporate Governance Overview Statement

The notice of the 47th AGM was issued to the shareholders on 28 April 2020 which was more than twenty-eight (28) days before the 47th AGM. The notice of the 47th 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 the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") as at 10.00 a.m. on 24 June 2020, a total of 451 shareholders had registered through the Remote Participation Voting facilities at TIIH Online website, for attendance at the 47th AGM which represented 5,007,083,882 ordinary shares, constituting 73.62% of the total issued shares of the Company.

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 Companies Act 2016, the Company's Constitution and the Securities Commission Malaysia's Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued on 18 April 2020 and subsequently revised on 14 May 2020, 11 June 2020, 18 June 2020 and 24 June 2020.

The Chairman assured the shareholders that despite the highly challenging operating environment during the financial year ended 31 December 2019, the Company had demonstrated resilience in achieving improved financial performance and deployed effective strategies, with a focus on driving core earnings, increasing revenue potential through asset optimisation and monetisation, and effective working capital management.

The Board acknowledged that the COVID-19 pandemic had brought about 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, Sime Darby Property 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 COVID-19 pandemic on the business of the Company/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 external auditors and legal counsel were present at the 47th AGM broadcast venue in order to provide responses to questions raised by the shareholders.

The Group Managing Director presented the overall performance and the moving forward plan of the Sime Darby Property Group at the 47th AGM. In addition, questions raised by the Minority Shareholders Watch Group and the Company's responses were presented for the benefit of the shareholders. The questions and responses were also uploaded onto the Company's corporate website prior to the 47th AGM. Thereafter, a copy of the presentation by the Group Managing Director was made available on the Company's corporate website upon conclusion of the 47th AGM. The Minutes of the 47th AGM is made available on the Company's corporate website within one (1) month from the date of the AGM.

All resolutions tabled at the 47th AGM were carried out by way of poll through electronic voting and the results were announced to Bursa Malaysia on the same day. Tricor Investor & Issuing House Services Sdn Bhd 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.

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 the Company's general meetings as well as to promote environmental sustainability and cost efficiency, Sime Darby Property has established an e-communication platform with shareholders for the following:

- 1) Sime Darby Property's Annual Report 2020 onwards together with Circular to Shareholders.
- 2) E-Lodgement of proxy forms by shareholders for Sime Darby Property's 48th AGM onwards.

Shareholders may register as a user with Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online 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 and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers revised on 12 January 2021, Sime Darby Property will continue to implement remote shareholders' participation and online remote voting (or voting in absentia) at the 48th AGM by leveraging on technology in accordance with Section 327(1) and (2) of the Companies Act 2016 and Rule 72 of the Company's Constitution. Shareholders who attend the 48th AGM via remote participation will also be able to submit questions during the AGM for the Company to respond. Shareholders are encouraged to take advantage of this technology to attend the 48th 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@simeproperty.com or:

Sime Darby Property Berhad

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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, Companies Act 2016, the MCCG 2017 and the Corporate Governance Guide – 3rd Edition issued by Bursa Malaysia and other applicable laws and regulations throughout the financial year ended 31 December 2020.

This CG Overview Statement was approved by the Board of Sime Darby Property on 25 March 2021.

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee ("NRC") is pleased to present its report for the financial year ended 31 December 2020 in compliance with Paragraph 15.08A (1) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malaysian Code on Corporate Governance published by the Securities Commission in year 2017 ("MCCG 2017").

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 Berhad ("Sime Darby Property" or "the Company") comprises as at the date of this report, exclusively Non-Executive Directors ("NEDs"), the majority of whom are Independent Non-Executive Directors ("Independent NEDs"). The NRC is chaired by an Independent NED, which is consistent with Practice 4.7 of the MCCG 2017.

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 the Company's framework and policy for the remuneration of the NEDs, the Group Managing Director ("GMD") and key critical positions in the Sime Darby Property Group ("the Group").

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 2017. 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 Sime Darby Property's corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

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 resignation of Datuk Dr. Mohd Daud Bakar with effect from 1 July 2020 and the appointment of Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla as Independent NEDs with effect from 1 July 2020.

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:

Functions	Matters Considered
Nomination	<ol style="list-style-type: none"> 1) Reviewed, assessed and recommended the confirmation of GMD of the Group. 2) Reviewed and assessed the performance of and made recommendations to the Board with regard to Directors seeking re-election at the Company's forthcoming Forty-Eighth Annual General Meeting ("48th AGM"). 3) Reviewed the composition of the Board and Board Committees and the selection of potential candidates for nomination as an Independent NED. 4) Reviewed and approved the update on Succession Management and Learning & Development of the Company. 5) Reviewed the progress of the People Strategy and Transformation Initiatives. 6) Reviewed and approved the revised Organisational Structure of the Group. 7) Reviewed the trainings attended/participated by each Director and assessed the training needs of the Directors.
Remuneration	<ol style="list-style-type: none"> 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 Financial Year ("FY") 2020 Ex-Gratia and Rewards for Key Contributors as well as the FY2020 salary increment and promotion budget for employees of the Group. 4) Assessed and recommended the appointment, promotion, confirmation, redesignation and contract renewal of key critical positions of the Group including Chief Operating Officer ("COO") – Township and COO – Integrated, Deputy COO – Township and Senior Advisor. 5) Reviewed and recommended the Performance Scorecard for GMD and Direct Reports ("GMD-1") for FY2020. 6) Reviewed and recommended the Performance Assessment for GMD and GMD-1 for the financial year ended 31 December 2020. 7) Deliberated and reviewed the Total Rewards Review and Design Exercise conducted by an external consultant. 8) Recommended the payment of Benefits to the NEDs for the period from 27 June 2020 until the next AGM of the Company.
Governance	<ol style="list-style-type: none"> 1) Engaged an independent third party external consultant to facilitate the conduct of the Board Effectiveness Evaluation ("BEE") and reviewed its findings. 2) Reviewed the Company'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) Planned and approved the NRC Agenda for FY2021.

Nomination and Remuneration Committee Report

COMPOSITION, MEETINGS AND ATTENDANCE

The NRC consists of four (4) members, comprising exclusively of NEDs, the majority 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. Dato' Johan Ariffin and Datuk Dr. Mohd Daud Bakar ceased as members of the NRC following their retirement/resignation as Directors of Sime Darby Property on 26 June 2020 and 1 July 2020, respectively. Following thereto, Encik Rizal Rickman Ramli and Dato' Soam Heng Choon were appointed as additional members of the NRC on 1 July 2020. The profiles of Encik Rizal Rickman Ramli and Dato' Soam Heng Choon are disclosed on pages 137 and 138 of the Annual Report. The late Datuk Poh Pai Kong was a member of the NRC from 26 February 2020 to 30 August 2020.

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 from March 2020 onwards were held virtually.

The NRC met seven (7) 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	7/7
Dato' Seri Ahmad Johan Mohammad Raslan (Member)	Independent Non-Executive Director	7/7
Encik Rizal Rickman Ramli (Member)	Non-Independent Non-Executive Director (Appointed on 1 July 2020)	3/3
Dato' Soam Heng Choon (Member)	Independent Non-Executive Director (Appointed on 1 July 2020)	3/3
Dato' Johan Ariffin (Member)	Non-Independent Non-Executive Director (Retired on 26 June 2020)	4/4
Datuk Dr. Mohd Daud Bakar (Member)	Non-Independent Non-Executive Director (Resigned on 1 July 2020)	4/4
Datuk Poh Pai Kong (Member)	Independent Non-Executive Director (Deceased on 30 August 2020)	3/3

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 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 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.

BOARD COMPOSITION AND DIVERSITY

The Board Composition Policy of Sime Darby Property was adopted by the Board on 26 July 2017. The Board Composition Policy is aligned with the recommendations of the MCCG 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 progress towards achieving targets set out in the Board Composition Policy as set out below:

1) GENDER DIVERSITY

The Board supports the Government's aspirational target of having 30% women's participation on boards of Malaysian public companies. The Board will continue to actively source and review suitability qualified women candidates with a view to potentially increase the representation of women on the Board in year 2021.

As of the date of this Annual Report, Sime Darby Property has on its Board, two (2) women Directors, namely Tan Sri Dr. Zeti Akhtar Aziz and Datin Norazah Mohamed Razali, constituting 22% of the Board's composition.

2) AGE DIVERSITY

The Board is committed to work 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.

3) ETHNIC DIVERSITY

The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise where suitable candidates are identified.

4) INDEPENDENCE OF DIRECTORS

The Board believes that a Board comprising a majority of Independent Directors allows for more effective oversight of Management. Their role broadly includes improving the corporate credibility and governance standards of the Company, functioning as a watchdog, playing a vital role in risk management and as active members of Committees set up by the Board to ensure good governance.

Currently, six (6) out of nine (9) 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.

Nomination and Remuneration Committee Report

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:



The Group 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 fulfil his or her role as a Director. Diversity in terms of age, gender and ethnicity was also considered. With this in mind, the NRC initiated the process of recruiting Independent Directors, who would have the following experience/knowledge to complement and strengthen the existing Board in discharging its duties effectively:

- Property development/real estate industry
- Legal
- Accounting

The Board, upon the recommendation of the NRC, approved the appointment of Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla as Directors of the Company. 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 Committees
Encik Rizal Rickman Ramli	<ul style="list-style-type: none"> • Nomination and Remuneration Committee
Dato' Soam Heng Choon	<ul style="list-style-type: none"> • Nomination and Remuneration Committee • Risk Management Committee
Encik Mohamed Ridza Mohamed Abdulla	<ul style="list-style-type: none"> • Audit Committee • Risk Management Committee

The NRC believes that the appointment of the new Directors with their background and expertise in property development and legal, respectively, would support, complement and strengthen the existing Board.

The NRC will further review the Board and Board Committees compositions and continue to identify potentially suitable candidates in the new financial year.

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 their attributes, competencies, personality and qualities, as well as their contribution and performance based on the BEE. Based on the annual BEE, the Board and the NRC are satisfied that the Directors who are seeking re-election at the 48th AGM of the Company 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.

The Directors who would be retiring pursuant to Rules 92.3 and 111 of the Constitution of the Company at the 48th AGM are as follows:

Rule 92.3 of the Constitution

- Dato' Soam Heng Choon
- Encik Mohamed Ridza Mohamed Abdulla

Rule 111 of the Constitution

- Tan Sri Dr. Zeti Akhtar Aziz
- Dato' Seri Ahmad Johan Mohammad Raslan

Save for Tan Sri Dr. Zeti Akhtar Aziz, Dato' Seri Ahmad Johan Mohammad Raslan, Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla being eligible, have offered themselves for re-election at the 48th AGM.

Tan Sri Dr. Zeti Akhtar Aziz has expressed her intention not to seek re-election at the 48th AGM. Hence, she will retain office until the close of the 48th 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.

Nomination and Remuneration Committee Report

In line with the exemplary practice as recommended by the MCGG 2017, Sime Darby Property has adopted the nine (9) years rule for Independent NEDs pursuant to Practice 4.2 of the MCGG 2017. Upon completion of nine (9) years, an Independent NED may continue to serve on the Board subject to him/her being redesignated as a Non-Independent Director or upon approval obtained from the shareholders annually.

Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj had reached his nine (9) year term as an Independent NED on 30 December 2019.

At the 47th AGM held on 26 June 2020, the shareholders of Sime Darby Property gave their approval for Tengku Datuk Seri Ahmad Shah to continue to act as an Independent Executive Director of the Company until the conclusion of the forthcoming 48th AGM to be held on 6 May 2021.

Pursuant thereto and in accordance with the MCGG 2017, the NRC and the Board considered the suitability of Tengku Datuk Seri Ahmad Shah as an Independent NED and agreed that he should continue to act as an Independent NED of the Company subject to approval of the Company's shareholders at the 48th AGM. The Board through the NRC assessed the independence of Tengku Datuk Seri Ahmad Shah and agreed that his retention as Independent NED was in the best interest of the Company.

EVALUATING THE PERFORMANCE OF DIRECTORS: BOARD EFFECTIVENESS EVALUATION

The Company undertakes a Board Effectiveness Evaluation ("BEE") annually through a formal evaluation of its members and of the Board Committees to ensure that the composition, dynamics, operations and structure of the Board are effective for the Group and its business environment.

The NRC engaged an independent third party consultant, PricewaterhouseCoopers PLT ("PwC") to conduct and facilitate the BEE for the financial year under review.

The BEE was undertaken through a questionnaire-based approach to identify key themes of strengths and areas for improvement. The scope of evaluation covered the following areas:

Dimensions	Key Areas
Part A: Board and Board Committee Effectiveness	Performance of the Board as a whole and Board Committees
Part B: Directors' Self and Peer Evaluation	Performance of Individual Directors

PwC thereafter performed an independent assessment on the findings and areas for improvement and presented these to the NRC for its consideration.

The NRC reviewed the outcome of the BEE results and discussed areas of enhancement that the Board should address. The results of the BEE were presented to the Board on 25 February 2021.

The Board noted the findings and the areas that necessitated further enhancements. The BEE results indicated that the Board had discharged its duties and responsibilities effectively and the overall ratings for the Directors were satisfactory. The Directors in general viewed favourably the current Board composition where it reflected balance and diversity in terms of experience and expertise. The Board has strong oversight over risk, governance and financial reporting and ensured that there has been the appropriate focus and attention in these areas. The Board has been agile in switching its mode of engagement and highly engaged when required to address issues and challenges faced by the Company in spite of the challenges faced during the financial year 2020.

There were no apparent weaknesses or shortcomings identified that warranted specific action plans by the Board. Nonetheless, the findings of the BEE results showed that the Board ought to continue its focus and prioritise the following areas of enhancement in the new financial year:

- 1) Place more focus and oversight over procurement activities, to ensure appropriate policies and procedures are in place and adhered to, as well as to further strengthen the procurement function.

- 2) Place more emphasis on technology as required, in order to transform the Group into a digital business, whilst addressing challenges related to internal IT systems and infrastructure.

There were also some suggestions to consider other skill sets on the Board such as branding, technology (i.e. smart technology, big data and digital) and sustainability.

AUDIT COMMITTEE 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 Audit Committee and is satisfied that the Audit Committee as a whole and its members individually had discharged their functions, duties and responsibilities in accordance with the Committee's TOR.

NRC AND RISK MANAGEMENT COMMITTEE EFFECTIVENESS AND PERFORMANCE REVIEW

Based on the BEE findings, the Board is satisfied with the performance and effectiveness of the NRC and Risk Management Committee 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 Company'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, the Company provides comprehensive briefings on the Group's legal and governance, operations and projects, growth strategy and financial performance of the Group.

The Group 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.

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 Secretary collaborated with the Institute of Corporate Directors Malaysia ("ICDM") to conduct an inaugural online virtual training for the Board of Sime Darby Property which covered corporate governance related topics as follows:

No	Topic	Speaker
1	The Quiet Transformation of Corporate Governance	Prof. Erik Vermeulen Professor at Tilburg University, The Netherlands
2	The Board & Sustainable Leadership for the Decade of Action	Mr. Stephen Langton Board & CEO Advisory Group Head, Russel Reynolds Associates, Singapore

The Management team had also, during the financial year under review, organised trainings/knowledge sessions for the Board and Senior Management of Sime Darby Property on property industry related topics as follows:

No	Topic	Speaker
1	Macroeconomic Outlook: Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery	Mr. Suhaimi Ilias Chief Economist Maybank Investment Bank

Nomination and Remuneration Committee Report

No	Topic	Speaker
2	Property Industry Outlook: Panel Discussion on COVID-19 – What is the Reality for the Malaysian Property Industry	Ms. Amy Wong Director, Head of Real Estate Research & Consultancy Savills Malaysia Mr. Koh Cha-ly Chief Executive Officer Urbanmetry Sdn Bhd Mr. Chow Nam Kit Director, Didian Realtor Sdn Bhd
3	Strategy & Transformation in Real Estate: What are the Trends affecting the Real Estate Space Globally	Mr. Till Vestring Advisory Partner Bain & Company Singapore Mr. Gopal Sarma Partner Bain & Company New Delhi Mr. Shazrul Asari Partner Bain & Company Kuala Lumpur

The Board was apprised on the property market updates during the Board Retreat which was held virtually on 5 to 6 January 2021.

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 Company's corporate website www.simedarbyproperty.com.

The shareholders had, at the 47th AGM held on 26 June 2020, approved the revision to the NED's Remuneration Framework as follows:

1) DIRECTORS' FEES

	Annual Fixed Fees	
	Previous NED Fees (RM)	Approved NED Fees (RM)
Chairman	540,000	No change
Resident Director	220,000	220,000
Non-Resident Director	360,000	
Audit Committee Chairman	80,000	70,000
Audit Committee Member	50,000	40,000
Other Board Committees* Chairman	60,000	70,000
Other Board Committees* Member	35,000	40,000

* Note: Excluding Special Committee of the Board.

2) BENEFITS

- Meeting allowance of RM1,500 per person per meeting, payable to members of the Special Committee of the Board ("SC") and any other NEDs who attend and participate in the SC meetings.
- Per diem allowance for official events be reimbursed on reasonable claims basis instead of previous approved amount of RM1,000 per day.

The SC, a temporary committee established on 16 January 2020, to oversee the implementation and monitoring of the Board's decisions, as well as in providing strategic guidance for the Group, fulfilled its role during the transition of leadership to the current GMD. Accordingly, the tenure of the SC ended on 31 December 2020. As such, the meeting allowance for the SC will be excluded from the benefits to be provided to the NEDs for shareholders' approval at the forthcoming 48th AGM. The rest of the benefits remain unchanged.

The Company is not seeking any increase in approval limit in respect of the amount of benefits payable to the NEDs from that approved at the 47th AGM.

Further details of the benefits payable to the NEDs could be found in the explanatory notes to the Notice of the 48th AGM of Sime Darby Property.

TOTAL REWARDS REVIEW AND DESIGN EXERCISE

The appointed external consultant made further review on the Total Rewards Review and Design Exercise of Sime Darby Property conducted in the financial year 2019 based on the feedback and recommendation of the NRC to ensure competitiveness to the market amid the COVID-19 pandemic in order to attract and retain the right talent that will help drive the Company's business goals and strategies.

MANPOWER OPTIMISATION EXERCISE

During the financial year under review, the Company had, as part of the organisational transformation drive, conducted a manpower optimisation exercise aimed at re-allocation and rationalisation of resources. The exercise is targeted to result in increased efficiency in operational roles and processes, as well as improved overall productivity to support business growth and enhance capabilities, moving forward.

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 the Company'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, there were several changes to certain critical positions with the following appointments made:

- 1) Dato' Wan Hashimi Albakri W.A.A Jaffri was redesignated from COO – Township Development to Senior Advisor on 1 December 2020. He will continue to assist Management in specific areas of the Group's property development business.
- 2) Encik Ir. Mohd Sohimin Mohd Alayed in was appointed COO – Township Development on 1 December 2020.
- 3) Encik Appollo Leong was appointed Deputy COO – Township Development on 1 December 2020.
- 4) Datuk Ir. Mohd Idris Abdullah was appointed COO – Integrated Development on 16 January 2021 to replace Encik Quek Cham Hong who had opted not to renew his employment contract.

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.

Audit Committee Report

INTRODUCTION

OVERVIEW

The COVID-19 pandemic has impacted all aspects of business, and auditing is no exception. Governments have imposed various measures to control the virus, resulting in many consequences that affect economies around the world. Auditing has become more difficult to carry out. At the same time, the risks of mistakes and even fraud occurring are heightened. The Audit Committee ("AC") has been conscious of the need to maintain a vigilant stance during this period.

The AC of Sime Darby Property Berhad (the Group) is pleased to present the AC Report for the financial year ended 31 December 2020.

COMPOSITION OF THE AC AND ATTENDANCE AT ITS MEETINGS

During the financial year under review, there were some changes in the composition of the AC. Encik Mohamed Ridza Mohamed Abdulla was nominated as an AC member effective 1 July 2020.

Sadly, the AC lost its valued colleague, the late Datuk Poh Pai Kong who passed away on 30 August 2020. Datuk Poh Pai Kong was an extremely committed member of the AC and his insights will be missed.

The AC is comprised solely of independent non-executive directors. This complies with the requirements of the Malaysian Code on Corporate Governance ("MCCG") concerning audit committees, including the 'Step-up' requirement that all members should be independent non-executive directors.

The profiles of all the AC members are disclosed on pages 133, 135, 136 and 139 of the Annual Report.

The details of the AC membership and meetings held during the financial year ended 31 December 2020 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	3/3	100%
Datuk Poh Pai Kong (Deceased on 30 August 2020)	Member/Independent Non-Executive Director	1 December 2018	4/4	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 Group Managing Director ("GMD"), Group Chief Financial Officer, the Chief Operating Officer – Township, the Chief Operating Officer – Integrated, the Chief Risk, Integrity & Compliance Officer and the Chief Assurance Officer 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.

External auditors are invited to the AC meetings to brief the committee on relevant matters.

TERMS OF REFERENCE

In discharging its duties, the AC has authority to investigate any matter within its terms of reference. The full terms of reference 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

1. 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 Securities Berhad.
- (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.

2. INTERNAL AUDIT

- (a) Approved Group Corporate Assurance Department ("GCAD") scope of work, audit plan and budget and 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 and Management's responses and follow-up actions and reported these to the Board.
- (c) Reviewed the implementation of consequence management by Human Resource 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 is being followed up.
- (e) Two private sessions were held between AC and Chief Assurance Officer ("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 achievements of audit plan via quarterly updates provided by CAO during the AC meeting.

3. EXTERNAL AUDIT

- (a) Reviewed the written assurance provided by external auditors in respect of their independence in relation to the audit engagement for the financial year ended 31 December 2020.
- (b) Reviewed the external auditors' Group Audit Plan, which outlines the scope of work, audit strategy and approach, for the financial year ended 31 December 2020.

Audit Committee Report

- (c) Reviewed the suitability and independence of external auditors and made recommendations to the Board on their re-appointments.
- (d) Considered, together with Management, the group audit fees and provision for non-audit services by the external auditors for recommendation to the Board for approval.
- (e) Monitored the non-audit engagement of the external auditor 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-appointments at the forthcoming Annual General Meeting, 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 Berhad.

4. RELATED PARTY TRANSACTIONS

- (a) Reviewed significant related party transactions entered into by the Group to ensure that the transactions were in the best interest of the Sime Darby Property Berhad, were fair, reasonable and on Sime Darby Property Berhad's normal commercial terms, and not detrimental to the interest of the minority shareholders of Sime Darby Property Berhad.

- (b) Reviewed the processes and procedures on related party transactions/recurrent related party transactions to comply with the Companies Act 2016 and the Main Market Listing Requirements ("MMLR"), and to ensure that related parties are appropriately identified and that related party transactions are declared, approved and reported appropriately.

5. 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 financial year ended 31 December 2019.
- (b) Reviewed and approved the AC report for inclusion in the Annual Report for the financial year ended 31 December 2019.
- (c) Reviewed and endorsed the Corporate Governance Overview Statement and Report for Board's approval and inclusion in the Annual Report for the financial year ended 31 December 2019.

6. TRAINING

During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to maintain high level of financial competency and generally keep themselves abreast of changes and updates.

The details of training programmes and seminars attended by each AC member during FY2020 are set out on pages 164 to 179.

GROUP CORPORATE ASSURANCE DEPARTMENT ("GCAD")

OVERVIEW

GCAD is the Group's in-house internal audit function and is headed by the Chief Assurance Officer ("CAO").

To ensure the 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 Audit 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 Nomination and Remuneration Committee 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 responsibilities.

GCAD confirmed its organisational independence to the AC that they were and have been independent, objective and in compliance with the Code of Ethics and Standards as prescribed in the 2017 International Professional Practices Framework ("IPPF").

FRAMEWORK AND PRACTICES

GCAD is guided by its Group Audit Charter which defines the mission and objective, responsibility, accountability, authority, independence and objectivity, and professionalism and ethical standards of GCAD.

The internal audit processes and activities are governed by the Group's Code of Business Conduct and the IIA's 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 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))	7
Engineering	5
Legal	1
Total	13

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.

A total of RM4.3 million was spent in 2020 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:

- Undertakes regular and systematic reviews of the internal control systems 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.
- Manages the whistleblowing process to ensure that all complaints received are properly recorded and reported to AC and concluded.

Audit Committee Report

The key activities carried out by GCAD during the financial year ended 31 December 2020 include:

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.

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.
- 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, who was briefed on GCAD's main roles and responsibilities, including the significant matters that require his attention.

Performance Evaluation

- Management's feedback on GCAD's overall performance was sought via the annual customer feedback survey.
- The Quality Assurance and Improvement Programme ("QAIP") continues to be used to assess the quality of the audit processes in line with the International Standards promulgated by the IIA. Based on the results of the internal assessment, control improvements have been implemented to ensure conformance to the International Standards for the Professional Practice of the Internal Auditing and the IIA's Code of Ethics.

Collaboration with Other Assurance Functions

- Collaborated with the external auditors on specific reviews.
- Collaborated with Compliance function in undertaking the corruption risks control validation programme to validate that the identified controls are in place and are effective in mitigating the occurrence of corrupt acts.

Risk Management Committee Report

ROLE OF THE COMMITTEE

The Risk Management Committee ("RMC") was established in July 2017 as a committee of the Board of Directors ("Board") in support of the Board in carrying out its responsibility, specifically in the oversight of the implementation of the Group's Risk, Compliance and Integrity Management Frameworks. RMC's roles 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. The formation of the RMC is in line with Principle B, Chapter II of the Malaysian Code on Corporate Governance ("MCCG"), Step Up 9.3.

The roles and responsibilities of the RMC are summarised in the Corporate Governance Overview Statement on pages 152 to 157 of this Annual Report. The Terms of Reference ("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	5/5	100%
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Member/Independent Non-Executive Director	12 July 2017	5/5	100%
Encik Rizal Rickman Ramli	Member/Non-Independent Non-Executive Director	5 April 2018	5/5	100%
Dato' Soam Heng Choon	Member/Independent Non-Executive Director	1 July 2020	2/2	100%
Mohamed Ridza Mohamed Abdulla	Member/Independent Non-Executive Director	1 July 2020	2/2	100%
Dato' Johan Ariffin (Retired on 26 June 2020)	Member/Non-Independent Non-Executive Director	12 July 2017	3/3	100%
Datuk Dr. Mohd Daud Bakar (Resigned on 1 July 2020)	Member/Non-Independent Non-Executive Director	12 July 2017	3/3	100%

Risk Management Committee Report

RMC comprises five (5) experienced members of the Board, who are independent of Management. Of the five (5) members, four (4) are Independent Non-Executive Directors.

The RMC welcomed two new members, namely Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla in 2020 upon Dato' Johan Ariffin's retirement and the resignation of Datuk Dr Mohd Daud Bakar during the year.

Dato' Soam Heng Choon, who has a wealth of experience in property development and construction industry, and Encik Mohamed Ridza, an established legal practitioner with years of experience and a diverse set of clients locally and internationally, complement the areas of expertise of the other members of the RMC.

Collectively, RMC members are well-qualified and have a good understanding of the property development and construction industry to challenge, 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 133, 134, 137, 138 and 139 of this Annual Report and on the Group's website at <https://www.simedarbyproperty.com/who-we-are/board-of-directors>.

OPERATIONS OF RMC

RMC meetings for the year are pre-determined, scheduled and approved by the Board in the preceding year. In FY2020, there were five (5) RMC meetings.

The Group Managing Director, Group Chief Financial Officer, Chief Operating Officer – Township Development, Chief Operating Officer – Integrated Development, Chief Risk, Integrity and Compliance Officer are permanent invitees of the RMC. They and other attendees, internal or external, attend RMC meetings to brief RMC members on their respective areas of responsibilities and to support in-depth discussions during the sessions.

The RMC's deliberations and decisions are communicated to the Board on a timely basis, through reports tabled by the RMC Chairman and circulation of the minutes of meetings. The report tabled by the RMC Chairman is a standing agenda item in the scheduled meeting of the Board.

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

FY2020 and FY2021 have become challenging periods for various industries, including property and leisure. The onset of the COVID-19 pandemic and its impact on the already weak economy (Malaysia and globally) have intensified various Group risks. Although the Group managed some of the risks with appropriate controls and standard operating procedures set, it will have to endure some others due to market, legislation and/or technological limitations.

To manage the impact of COVID-19 and the economic downturn risk, the Management conducted and incorporated COVID-19 related risk assessment as part of its ongoing risk assessment exercise. The assessment results that included changes to risk environment is reported to the Board and RMC at least every quarter and/or as and when required. At the onset of the pandemic in Q1 2020, the Board was provided with monthly updates on health and safety-related measures.

The COVID-19 risk assessment covers risk areas such as people, infrastructure, supply chain, business performance, Business Continuity Planning and operational readiness to address changes to the regulatory requirements (changes in legislation, standard operating procedures, Movement Control Order, Conditional Movement Control Order, etc). The COVID-19 risk assessment is updated regularly to accommodate changes to the risk environment. Where appropriate, it is incorporated as part of Enterprise and/or Operational risk assessment for a more robust risk management practice.

Periodic COVID-19 risk assessments and updates enable the Board to evaluate risk identified and guide the Management in responding to the COVID-19 threat.

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 impact of COVID-19 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 2020.
 - 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 the financial year 2020.
 - Reviewed and approved the GRM Annual Plan for the financial year 2021.
 - Reviewed and approved risk-related KPI for the Chief Risk, Integrity and Compliance Officer and its subsequent achievement for 2020.
- Reviewed and recommended to the Board for approval of the:
 - » Revised Group Policies and Authorities ("GPA"), where applicable.
 - » Vendor Code of Business Conduct ("Vendor COBC").
 - » Anti-Bribery Management System Manual.
- 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 2020.
- Reviewed and approved the GCO Annual Plan for the financial year 2020.

(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.

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 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.

Risk Management Committee Report

Key activities for the financial year under review included but were not limited to:

- Reviewed the risks identified by a business or functional department on proposals relating to major investments or commencement of development projects before submitting to the 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 report on risks and 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 assessing and updating COVID-19 related risks and impacts on the Group's operations. The assessment outcomes and mitigation actions were presented in the Quarterly Risk Report.
- Reviewed risk reports prepared by Joint Venture companies.
- Participated as one of the key trainers and presented on 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.
- Coordinating and periodically reviewing and updating the Group Policies and Authorities ("GPA"), Code of Business Conduct ("COBC") and Group Limits of Authority to ensure continuing relevance in guiding Directors and employees.
- 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:

- Coordinated and/or implemented gap closure programmes and activities to prepare the Group to enforce the new Corporate Liability provision in June 2020. The status of the gap closure activities is tracked and reported to Management and RMC on a quarterly basis.
- Preparation of the Vendor COBC and Anti-Bribery System Manual for relevant Management and Board approvals.
- Rolled out Employee Integrity Pledge and Vendor Integrity Pledge ("VIP") as part of the Anti-Bribery Management Program.
- Conducted and completed the Anti-Bribery and Corruption training for all employees of the Group.
- Introduced the 'Anti-Bribery & Corruption Learning Series' periodic email communication to strengthen employees' awareness and knowledge of the Anti-Bribery and Corruption requirements and related policies and processes.
- Introduced and implemented 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.
- Completed an internal review of due diligence practices involving employees, vendors, customers and joint venture partners within the Group.
- Incorporated the Governance, Integrity and Risk requirements into employees' existing job description.
- Coordinated the Group's annual review on the GPAs and presented the proposed amendments to the Board for deliberation and approval.
- Completed a review of the risks involved in the Group's interactions with vendors throughout the procurement cycle and recommended actions to close the gaps identified.
- Participated in the validation of controls for the Group's key corruption risks (jointly conducted with Group Corporate Assurance Department).
- Participated as one of the key trainers for the Group's employees' onboarding training, covering the governance structure and policies such as the GPA, COBC and Whistleblowing Policy.

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 2020.

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 2020 are as follows:

No	Group RM'000	Company RM'000
– Audit fees	1,801	260
– Non-Audit fees	726	562

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 2020 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:

- 1,862 acres of land located within Kulai A estate in Johor ("Kulai A Estate");
- 3,186 acres of land located within Kulai B estate in Johor ("Kulai B Estate");
- 2,000 acres of land located within Sepang estate in Selangor;
- 993 acres of land located within Sungai Kapar Estate in Selangor;
- 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor ("West Estate, Carey Island");
- 485 acres of land located within Lothian (Sepang) estate in Selangor;
- 864 acres of land located within Byram estate in Pulau Pinang ("Byram Estate");
- 268 acres of land located within Ainsdale West estate in Negeri Sembilan; and
- 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.

Additional Compliance Information

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 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 Amanah Raya 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 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.

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.

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 2020.

5. RECURRENT RELATED PARTY TRANSACTIONS

At the last Annual General Meeting held on 26 June 2020, 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 2020 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Statement on Risk Management and Internal Control

The Board is pleased to present the following Statement on Risk Management and Internal Control, which outlines the key features of Sime Darby Property Berhad's risk management, internal control framework and systems, and its integration into our business processes and activities to assist the Group to meet its business objectives while safeguarding assets. As with any good governance practices, the Group's Risk Management and Internal Control Framework remains agile and is adjusted, when needed, to meet business and regulatory requirements.

This statement is prepared pursuant to Chapter 15, Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Principle B, Chapter II of the Malaysian Code on Corporate Governance ("MCCG"), Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 respectively, with guidance from the 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, control and accountability systems. The duties discharged by the Board include formulating strategy and performance objectives, establishing corporate governance and risk management framework and practices, providing reasonable assurance that risks are managed within tolerable ranges, as defined by the Group's clear risk appetite. The Board also ensures that sound control, accountability and reward systems are in place within the business operations to execute the various business and governance strategies, objectives and commitment.

In fulfilling its oversight responsibility, the Board, as a whole, or through delegation to the Audit Committee ("AC") and Risk Management Committee ("RMC"), reviews the Group's risk management system and internal control systems' adequacy, 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.

The Board recognises that in the ever-evolving and challenging business environment, the Group's risk management and internal control system is designed to manage the Group's risk exposure to its risk appetite, not to eliminate risk. Therefore, the system can only provide reasonable assurance and not absolute assurance against the occurrence of any material occurrence of misstatement, loss or fraud.

Please refer to the Corporate Governance Overview Statement on pages 150 to 191 of this Annual Report for the full list of responsibilities of the Board, AC and RMC.

Audit Committee ("AC"):

As part of the Board's delegated role, the AC's scope of duties includes overseeing the internal control framework to ensure its operational effectiveness and adequacy.

The AC assesses the effectiveness and adequacy of internal controls through internal audit results carried out by Group Corporate Assurance ("GCA") and the internal control recommendations prepared by external auditors.

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 internal control matters deliberated by the AC are brought to the attention of the Board.

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 ("RMC"):

The RMC supports the Board by establishing and overseeing the Group's Risk, Compliance and Integrity Management Frameworks while regularly assessing their adequacy and effectiveness. An independent director chairs the RMC.

The RMC provides strategic guidance on risk, compliance and integrity matters to Group Risk Management ("GRM"), Group Compliance Office ("GCO") and the Management.

The RMC offers its guidance and assessments through engagements with relevant internal stakeholders, reviews quarterly risk and compliance reports and holds discussions with the Chief Risk, Integrity and Compliance Officer. The RMC reviews all significant and material findings by the risk and compliance 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.

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.

The Management has established the Governance Oversight Management Committee ("GOMC") to ensure that Governance, Risk and Compliance matters are recognised and acted upon at the highest level of the Management. The GMD chairs the GOMC which meets every quarter to deliberate on issues raised by GCA, GRM and GCO.

The Management acknowledges its role in respect to risk management and internal controls which includes:

- (i) Identifying and evaluating the risks faced by the Group in line with the business objectives, strategies and the Group's overall risk appetite.
- (ii) Formulating, implementing, and monitoring relevant controls, policies and procedures to manage key risks.
- (iii) Continuous monitoring of changes to the risk environment, including key emerging risk, taking appropriate mitigation actions and promptly bringing these changes to the Board's attention.
- (iv) Monitoring the implementation of related governance frameworks to achieve intended objectives.
- (v) Enforcing compliance.
- (vi) Promptly addressing any shortcomings or incidents of non-compliance with procedures.

GRM and GCO:

The GRM and GCO were established as dedicated functions to coordinate, facilitate and support risk management, compliance and integrity framework and its activities. The GRM and GCO, led by the Chief Risk, Integrity and Compliance Officer, report directly to the RMC, allowing them to remain objective and independent of the 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 risk, integrity and compliance work as documented in their annual plans are approved by the RMC after considering the Management's feedback.

Please refer to the RMC Report on pages 207 to 210 of this Annual Report for GRM and GCO's mandates and key activities for the financial year under review.

Statement on Risk Management and Internal Control

GCA:

The GCA is an independent internal audit function that 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 202 to 206 of this Annual Report for the GCA's mandate and key activities for the financial year under review.

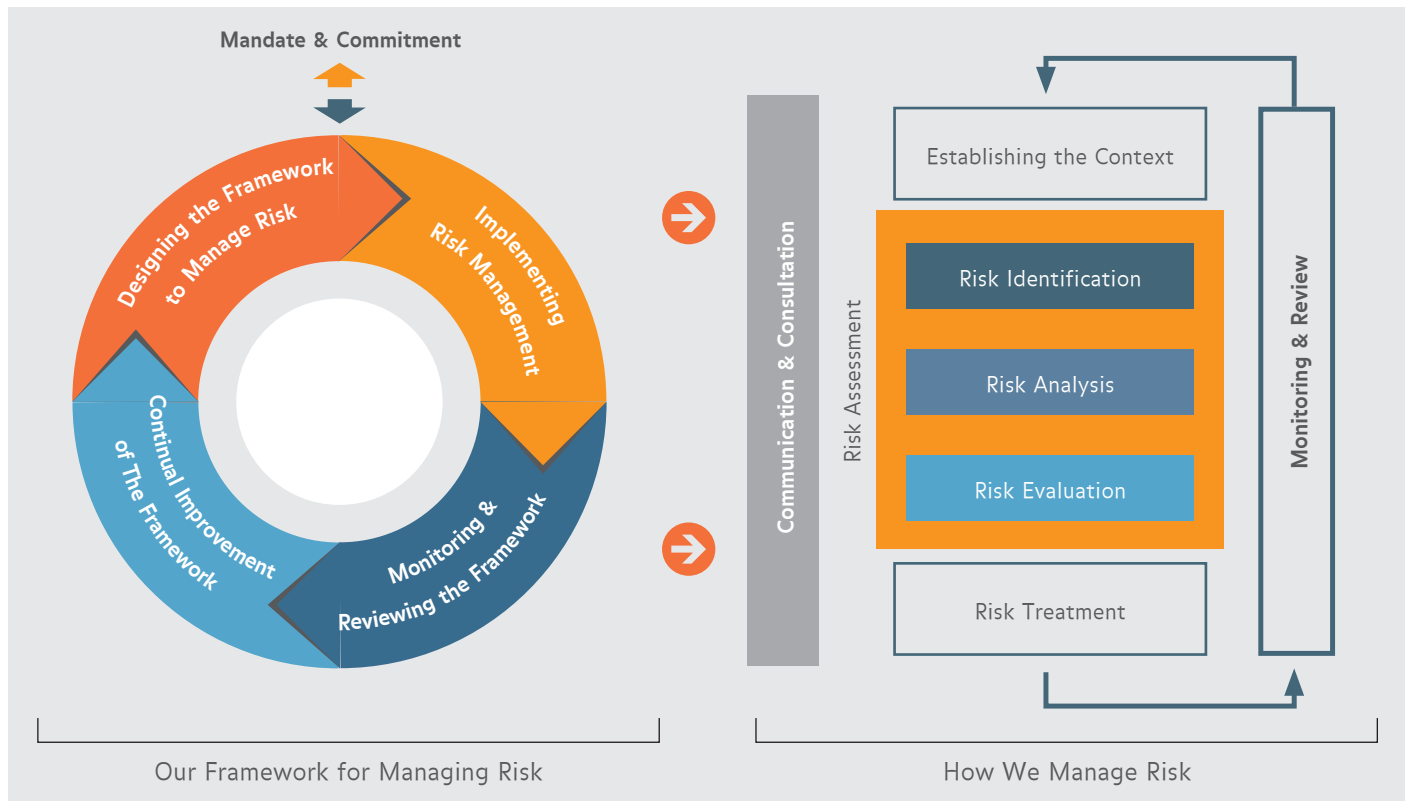
RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group recognises that an embedded Risk Management Framework within the Group's operations is an integral part of good corporate governance. 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 risk management defence followed by the GRM and GCO in the second line and the GCA in the third line of defence.

The ERM Framework is in line with the principles of ISO 31000 for risk management and is integrated into the Group's business activities and processes and becomes an integral decision-making tool for the Management.

An overview of the framework can be seen in the diagram below:



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 framework allows the balance between risk and reward in making business decisions. Through such structure, material risks are consolidated from operational to Management level, 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 72 to 77 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 control environment to manage various risks. The key elements of the Group's internal controls are as follows:

Board Committees

The Board had 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 requires the Board's approval.

Management Committees

The Group 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.

The 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.

Statement on Risk Management and Internal Control

Annual Plan, Budgets and Management Reports

Annual Planning and Budgetary Exercise

The Group conducts an annual planning and budgetary exercise, whereby all business and functional units prepare their respective business plans and budgets for the upcoming year. These plans are developed in line with the Group's strategy and are approved by the Board before implementation. The achievement of these plans is assessed against the budget and monitored periodically, and actions are taken to address variances identified. The Group also adopts a rolling forecast to monitor the budget's achievement and reports the Group's actual performance against budget to the Board every quarter.

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 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.

Values, Code of Conduct and Group Policies

A) Values and Conduct

To set the tone of the Board and to shape and instil the culture expected of the Group's Directors and Employees, the following were set to guide Group in its endeavour:

- **Core Values 'PRIME'** – Passion, Respect & Teamwork, Integrity & Accountability, Make it Happen and Entrepreneurial Spirit.
- **Code of Business Conduct** – This covers our 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 Government, regulators, political parties and non-governmental organisations ("NGOs").

B) Group Policies and Limits of Authorities

The **Group Policies and Authorities ("GPA")** is an essential component of the Group's internal control framework. It is a tool by which the Board formally delegates functions and powers to the Management. The GPA, being the highest policy level, covers 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, committing to investment or divestment, etc. 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 the 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 shared responsibility, where compliance is the responsibility of all staff regardless of their position. The Group always strives to comply with its obligations. Any non-compliance event detected is corrected.

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 Group 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 Policy 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 as the Group strives to develop, work and strengthen relationships with Counterparties that share the same values and practices as it does. The Group recognises that the business practices and actions of Counterparties may significantly impact the Group.

To clarify the expected behaviour and conduct of Counterparties, the Group rolled out the **Vendor Code of Business Conduct** ("Vendor COBC") to outline the required standards of behaviour when working with, providing goods/services to, or entering into Business Transactions with the Group. 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>.

Statement on Risk Management and Internal Control

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 and 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, is tasked to provide independent, reasonable and objective assurance, and internal consulting services to improve the overall operations efficiency. The GCA helps the Group achieve its objectives by bringing a systematic and risk-based disciplined 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 Audit Committee Report.

These three (3) independent control functions assist the Board in discharging its oversight responsibilities on the risk management and internal control 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 manage any violation. Material cases are also reported to the Board to ensure it has an overview of the ethical climate within the Group.

Human Capital Management

The Group manages its human capital requirement according to its operational needs. It considers the human resource market development to ensure that it retains a highly engaged workforce whilst 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 and 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, HR on Cloud.
- Various in-house and external training programmes for employees of all levels to enhance competencies, knowledge, skills and a leadership curriculum to equip managers with the tools to coach, develop and retain talents.
- A comprehensive Human Resource 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 a 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 minimal, in compliance with the Malaysian Government's guidelines, to curb the spread of the virus at the workplace. The Group also recognises that maintaining good mental health is key to employees' productivity and overall well-being. Thus, the Group launched *Jalinan Nurani*, a digital service platform for employees to better manage their mental, physical, and financial well-being. The platform provides employees 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 the shareholders within the stipulated time as prescribed under Bursa Malaysia's Main Market Listing Requirements ("MMLR").

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.

MATERIAL JOINT VENTURES AND ASSOCIATES

This statement does not cover the risk management, and internal control 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 year ended 31 December 2020.

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

ASSURANCE FROM MANAGEMENT

The Board has received reasonable assurance from the Group Managing Director and Group Chief Financial Officer that the Group's existing risk management and internal control 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 control system to ensure its adequacy and robustness.

CONCLUSION

The Board recognises that the risk management and internal control 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 is 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 control 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 25 March 2021.

SUSTAINABILITY REPORT

Section 1: Evolving Journey



Subang Forest Reserve Dam

Sustainability at Sime Darby Property

Having served three generations of customers and communities across 24 developments, Sime Darby Property is able to demonstrate sustainability leadership and create value for our wide network of stakeholders.

Sustainability is our greater purpose towards building a resilient and responsible business with wide benefits. Within this context, Environmental, Social and good Corporate Governance (ESG) performance are core focuses, while delivering positive financial returns. Our commitment to sustainability also enables us to remain relevant amid a competitive and dynamic business landscape, where stakeholders' interests drive all strategies for performance and growth.

Evolving policy and regulatory complexity, managing risks, fast changing demographics and customer preferences, and the advent of increased digitalisation all influence our decisions in the planning, design, and product range offered. Largely due to our scale, long history and future landbank development potential our business will continue to shape the future, where every space we create will be a place that inspires, connects, and lasts for generations to come.

SUSTAINABILITY MODEL AND ECOSYSTEM APPROACH

We believe that the success of any business depends on the integration of principles of sustainability into their business models. At Sime Darby Property, we have aligned our focus on sustainability with our corporate strategy as well as our risk management approach. This includes mapping our Economic, Environmental and Social risks to enterprise risks, clearly establishing various influencing factors that may compromise our ability to create continuous value and setting in place appropriate strategies to adapt, manage and mitigate. In other words, the priority over the last three years has been to operationalise sustainability to improve organisational effectiveness, as well as to meaningfully contribute to the United Nations' Sustainable Development Goals (SDGs) and the Paris Accord.

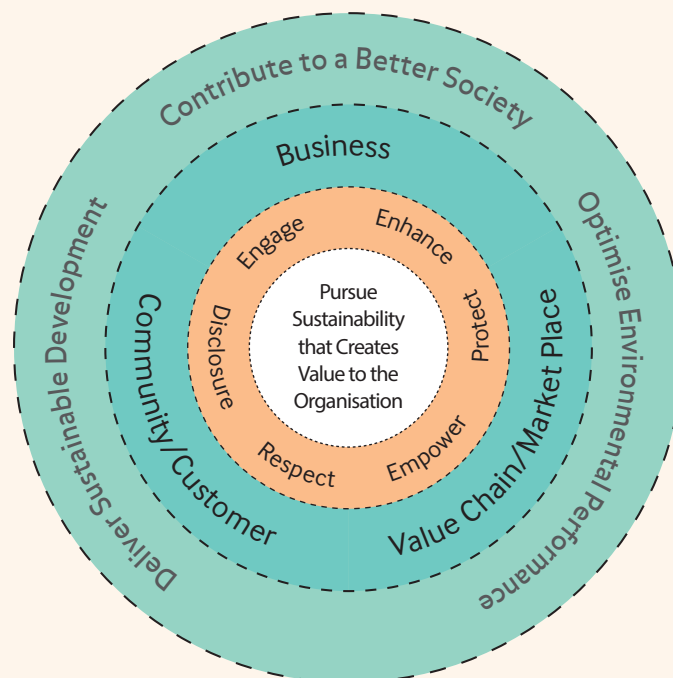
Our Sustainability Model is centred within an ecosystem approach guided by principles and a value creation objective across the three core spheres of sustainability – People, Planet, Prosperity (3Ps) – with equal focus on our business, value chain, marketplace, community and customers.

The 3Ps are Sime Darby Property's approach to managing Environmental, Social and Governance matters that are material to both the organisation and its stakeholders.

1. People – Contribute to a Better Society
2. Planet – Optimise Environmental Performance
3. Prosperity – Deliver Sustainable Development

These are anchored by sustainability principles we call D.E.E.P.E.R.:

- Disclose; Enhance; Empower; Protect; Engage; and Respect



Section 1: Evolving Journey





The sustainability ecosystem is ever evolving at variable pace, which was accelerated in 2020 due to the global pandemic. Nevertheless, unless we understand both the internal business and global sustainability ecosystems, we would not be able to pursue our north-star clearly articulated by the SDGs and the Paris Agreement.

In 2019, we embarked on an assessment of the many facets of sustainability in relation to our business to determine the most impactful contributions we can make in delivering a greater purpose tied to the SDGs and the emerging climate crisis. As a result of that process, in 2020, our 2030 Sustainability Goals were formalised and launched. The 2030 Sustainability Goals, consists of 18 goals that support the SDGs, based on our ability to deliver impact in these areas. We have taken a systematic and highly customised approach to identifying the goals to ensure they are fit for our organisation while also contributing to selected goal indicators.

MATERIALITY, STAKEHOLDERS, SDGS, SIME DARBY PROPERTY'S 2030 SUSTAINABILITY GOALS AND OUR PROGRESS






Each organisation has a role to contribute to the SDGs. At the corporate level, the goals translate into different focus areas and priorities for different sectors and companies. At Sime Darby Property, we have developed our own 2030 Sustainability Goals to deliver the SDGs that are most relevant for our business, looking at the ways we can best contribute to the global goals. In recognition of the need for systematic alignment, we also developed and mapped our responses to the SDGs and our stakeholders and 11 rationalised sustainability material matters/issues, which encompass our risks and opportunities. Our integrated approach makes the SDGs relevant in the context of both our specific stakeholders' expectations as well as our current and future business strategies.

The materiality process helps us determine the sustainability material matters, which convey the priorities, risks and opportunities that the Group and its stakeholders are most affected by and where we can leave the most positive impact. In the process of stakeholder engagement, we find ways to address their concerns and manage the sustainability risks and expectations that are raised.




	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PEOPLE	<ul style="list-style-type: none"> Community Resilience 	<ul style="list-style-type: none"> Customers Partners Communities 	<ul style="list-style-type: none"> Community welfare and social responsibility 	 <ul style="list-style-type: none"> 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 agricultural practices  <ul style="list-style-type: none"> Target 12.5: Substantially reduce waste generation Target 12.8: Promote universal understanding of sustainable lifestyles 	<ul style="list-style-type: none"> Urban Farming <ul style="list-style-type: none"> – FY2030 target: Minimum one urban farm per township – FY2020 target: Two urban farms per township – FY2020 progress: Two urban farms per township (on target) Volunteer Hours <ul style="list-style-type: none"> – FY2030 target: 10,000 hours – FY2020 Target: 300 hour – FY2020 progress: 700.5 hours Community Recycling <ul style="list-style-type: none"> – FY2030 target: 6,570,000kh/6570 tonnes recycled – FY2020 target: 20-25 tonnes recycled – FY2020 progress: 39.4 tonnes (ahead of target) 	<ul style="list-style-type: none"> Set a 1:10 urban farming plot to home allotment target in City of Elmina and achieved 2:10 in 2020 Facilitated 700.5 volunteer hours by employees Recycled 39.4 tonnes of waste as at December 2020





Section 1: Evolving Journey

	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PEOPLE	<ul style="list-style-type: none"> Health & Safety 	<ul style="list-style-type: none"> Employees Vendors Workers Authorities/ Government Communities Customers Partners 	<ul style="list-style-type: none"> Safe working environment 	<div> </div> <ul style="list-style-type: none"> Target 3.6: Reduce road injuries and deaths <div> </div> <ul style="list-style-type: none"> Target 8.7: End modern slavery, trafficking, and child labour Target 8.8: Protect labour rights and promote safe working environments 	<ul style="list-style-type: none"> Occupational Safety and Health <ul style="list-style-type: none"> FY2030 target: Zero workplace accident-related fatalities FY2020 target: Zero workplace accident-related fatalities FY2020 progress: Zero fatalities (on target) Cycling and Jogging Tracks <ul style="list-style-type: none"> FY2030 target: 300km FY2020 target: 30km FY2020 progress: 68.8km (ahead of target) Human Rights <ul style="list-style-type: none"> FY2030 target: All vendors/supply chain partners have clear commitment to human rights FY2020 target: Zero human rights violations FY2020 progress: Zero violations (on target) 	<ul style="list-style-type: none"> Enforced strict standards of workplace safety and HSE best practices to maintain zero work-related fatalities for the 4th consecutive year Completed 68.8km of cycling and jogging circuits. A mix of neighbourhood and city-wide circuits across 3 townships (City of Elmina – 90km; Bandar Bukit Raja – 50km; Serenia City – 50km; others to be developed) Introduced the new Vendor Code of Business Conduct with a focus on human rights commitment among our vendors

	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PEOPLE	<ul style="list-style-type: none"> Diversity & Inclusion 	<ul style="list-style-type: none"> Employees Local Vendors Customers Partners 	<ul style="list-style-type: none"> Equal opportunities Non-discrimination Upskilling/ Reskilling 	 <ul style="list-style-type: none"> Target 5.5: Ensure full participation in leadership and decision-making  <ul style="list-style-type: none"> Target 10.2: Promote universal social, economic and political inclusion  <ul style="list-style-type: none"> Target 17.6: Knowledge sharing and cooperation for access to science, technology and innovation Target 17.17: Encourage effective partnerships 	–	<ul style="list-style-type: none"> Enforced the Code of Business Conduct and our Equal Opportunity and Anti-Discrimination Policy Increased percentage of women in our workforce to 42 percent and percentage of women on the Board to 22 percent Conducted 28,824 hours of training for 1,521 employees Rolled out the Management Trainee Program in October 2020 Invested RM1,150,707.00 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 Built over 2,000 multi-generational inclusive homes that also provide disabled access
	<ul style="list-style-type: none"> Waste & Water Pollution 	<ul style="list-style-type: none"> Customers/ Community Authorities/ Government Investors NGOs 	<ul style="list-style-type: none"> Water consumption Impact of development on water bodies surrounding our townships Proper wastewater treatment 	 <ul style="list-style-type: none"> Target 6.4: Increase water use efficiency and ensure freshwater supplies Target 6.6: Protect and restore water-related ecosystems  <ul style="list-style-type: none"> Target 14.2: Protect and restore ecosystems 	<ul style="list-style-type: none"> Water-Saving Fittings <ul style="list-style-type: none"> FY2030 target: 30,000 residential units FY2020 target: 2,000 homes FY2020 progress: 3,948 homes (ahead of target) Operational Eco-Efficiency <ul style="list-style-type: none"> FY2030 target: 103.2 percent total carbon reduction, 100 percent total waste reduction, 100 percent recycling, 30 percent water intensity reduction FY2020 target: Restate baseline FY2020 progress: Baseline restated (on target) 	<ul style="list-style-type: none"> Reduced Operational Water Intensity by 46 percent Set waste reduction target by 2030 to align with the Group's aspiration towards carbon negative by 2030 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



Section 1: Evolving Journey

	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PLANET	<ul style="list-style-type: none"> Climate Change Risk (inclusive of Carbon Emissions, Water Supply & Flooding) 	<ul style="list-style-type: none"> Customers/ Community Authorities/ Government Investors NGOs 	<ul style="list-style-type: none"> Carbon emissions Water supply and flooding 	 <ul style="list-style-type: none"> Target 13.3: Build knowledge and capacity to meet climate change 	<ul style="list-style-type: none"> Carbon Sequestration <ul style="list-style-type: none"> FY2030 target: <30,000 tonnes (from 160,000 trees) FY2020 Target: 80 tonnes (4,000 trees) FY2020 progress: 310.9 tonnes CO2/year, 15,545 trees (ahead of target) 	<ul style="list-style-type: none"> Set a 2030 carbon emission reduction target to align with the Group's aspiration towards carbon negative by 2030 Implemented carbon emissions reduction initiatives across our segments Incorporated flood reduction design into our township planning
	<ul style="list-style-type: none"> Biodiversity Loss 	<ul style="list-style-type: none"> NGOs Academia Communities Investors Authorities/ Government Media 	<ul style="list-style-type: none"> Impact of our operations on the biodiversity of the area under development 	 <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Biodiversity (IUCN trees) <ul style="list-style-type: none"> FY2030 target: 50,000 trees FY2020 target: 20,000 trees FY2020 progress: 21,623 trees (ahead of target) 	<ul style="list-style-type: none"> 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 108,225 trees since September 2011 21,623 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
	<ul style="list-style-type: none"> Affordability 	<ul style="list-style-type: none"> Customers/ Community Authorities/ Government 	<ul style="list-style-type: none"> Ease of home ownership Product pricing 	 <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Affordable Housing <ul style="list-style-type: none"> FY2030 target: 15,000 units below RM600,000 FY2020 target: 1,000 units FY2020 progress: 1,622 (ahead of target) 	<ul style="list-style-type: none"> Constructed 1,188 statutory units of affordable housing for lower income communities (priced from RM200-270k) Increased income for 30 B40 families by 52 percent

	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PROSPERITY	• Sustainable Products	• Customers/ Community • Vendors • Authorities/ Government • NGOs • Professional Institutions	• Functional and inclusive design • Defects rate • Unsustainable Infrastructure • Supply chain inefficiencies and governance issues, environmental impact, and project performance	 <ul style="list-style-type: none"> • Target 4.3: Equal access to affordable technical, vocational and higher education  <ul style="list-style-type: none"> • Target 7.1: Universal access to modern energy • Target 7.2: Increase global percentage of renewable energy  <ul style="list-style-type: none"> • 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  <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Renewable Energy <ul style="list-style-type: none"> – FY2030 target: 25,000 MWh annually – FY2020 target: 457 MWh annually – FY2020 progress: 312 MWh (behind target) • Building Technology (IBS Score) <ul style="list-style-type: none"> – FY2030 target: 80 points – FY2020 target: 57 points – FY2020 progress: 56 points (below target) • Energy-Efficient Homes <ul style="list-style-type: none"> – FY2030 target: 12,500 homes – FY2020 target: 750 homes – FY2020 progress: 2,760 homes (ahead of target) • Product Quality <ul style="list-style-type: none"> – FY2030 target: 85% QLASSIC score – FY2020 target: 80.5% QLASSIC score – FY2020 progress: 81.5% (above target) 	<ul style="list-style-type: none"> • 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 • Completed 513 solar-ready homes at Ilham Residence, Elmina, in a collaboration with TNBX • Built our first IBS strata development focused on delivering to the B40 community • Completed 536 units of sustainable homes that are 30 percent faster with zero construction waste and 10 percent lower construction cost • Completed 1,362 insulated homes since 2017, with 1,503 more under construction • Achieved 10 years of SUSDEX across 20 plus townships 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'

Section 1: Evolving Journey

	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PROSPERITY	<ul style="list-style-type: none"> Economic Injection (inclusive of strategic sourcing, vendors and job creation) 	<ul style="list-style-type: none"> Vendors Communities Businesses Investors Authorities/ Government 	<ul style="list-style-type: none"> Value of contracts Impact of COVID-19 on ability to meet contractual obligations Sourcing and procurement processes Vendor support Job creation 	<ul style="list-style-type: none"> Target 1.2: Reduce poverty by at least 50% Target 1.4: Equal rights to ownership, basic services, technology and economic resources 	<ul style="list-style-type: none"> Supporting Local Businesses <ul style="list-style-type: none"> FY2030 target: 90% local companies/ vendors FY2020 target: 90% local companies/ vendors FY2020 progress: 98.6% (ahead of target) 	<ul style="list-style-type: none"> Supported the local economy with 99 percent of contracts awarded to local contractors, with a total of RM1.22 billion in contract value distributed to vendors Accelerated the speed of payments processing for SME vendors to a two-week cycle instead of monthly payment cycle, in order to ease the financial burden of COVID-19 on the supply chain Enforced the Sime Darby Property Code of Business Conduct (COBC) <ul style="list-style-type: none"> 2.4 Making Our Workplace a Safe Environment 2.5 Providing Favourable Working Conditions to all Our Employees 2.6 Freedom of Association 2.7 Protecting the Rights of Children 2.8 Eradicating any Form of Exploitation Published the Vendor Code of Business Conduct and Vendor Integrity Pledge Rolled out the Management Trainee Program in October 2020
				<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Economic Injection <ul style="list-style-type: none"> FY2030 target: RM10 billion FY2020 target: RM1 billion FY2020 progress: RM1.22 billion (above target) Affordable Homes <ul style="list-style-type: none"> FY2030 target: 15,000 units below RM600,000 FY2020 target: 1,000 units FY2020 progress: 1,622 units (above target) Job Creation <ul style="list-style-type: none"> FY2030 target: 100,000 jobs FY2020 target: 5,000 jobs FY2020 progress: 2,471 jobs (behind target) 	

	Sustainable Material Matters	Stakeholders	Stakeholder Concerns	UN SDGs 2030	Sime Darby Property 2030 Sustainability Goals & Progress	SDP Response/ Programmes
PROSPERITY	<ul style="list-style-type: none"> Data/Cyber Security 	<ul style="list-style-type: none"> Customers/ Community Vendors Authorities/ Government NGOs Professional Institutions 	<ul style="list-style-type: none"> Protection of personal data and IT security 	 <ul style="list-style-type: none"> 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 	–	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Corruption, Risk & Integrity 	<ul style="list-style-type: none"> Shareholders Employees Investors Authorities/ Government Vendors Customers 	<ul style="list-style-type: none"> Costs/ penalties of non-compliance Reputational damage Business disruptions Productivity and performance level 	 <ul style="list-style-type: none"> Target 16.5: Substantially reduce corruption and bribery Target 16.B: Promote and enforce non-discriminatory laws and policies 	–	<ul style="list-style-type: none"> Established over 35 RAs in collaboration with Sime Darby Property in support of strong community institutions Updated three key policies regarding Quality, ESH and Energy Management Communicated our Code of Business Conduct (COBC) to all employees to enable sustainability performance related to environmental and social dimensions Recorded zero cases submitted through our whistle blower channel Communicated constant reminders about our No gift policy

Section 1: Evolving Journey

Targets and Achievement To-Date

Sime Darby Property's 2030 Sustainability Goals Dashboard as at 31 December 2020. The Group's annual targets for our 2030 Sustainability Goals were mostly achieved or exceeded for 15 of the 18 goals, even in the context of operating within the pandemic.

<div><div>GOAL 1 Supporting Local Business 90% Local Companies/ Vendors</div></div>	<div><div>GOAL 2 Economic Injection RM10 billion</div></div>	<div><div>GOAL 3 Product Quality 85% QLASSIC Score</div></div>																								
<table><tr><td>Target</td><td>90%</td></tr><tr><td>Actual</td><td>98.6%</td></tr><tr><td>Variance</td><td>+8.6</td></tr><tr><td>%</td><td>+9.6%</td></tr></table>	Target	90%	Actual	98.6%	Variance	+8.6	%	+9.6%	<table><tr><td>Target</td><td>1 billion</td></tr><tr><td>Actual</td><td>1.22 billion</td></tr><tr><td>Variance</td><td>+0.22</td></tr><tr><td>%</td><td>+22%</td></tr></table>	Target	1 billion	Actual	1.22 billion	Variance	+0.22	%	+22%	<table><tr><td>Target</td><td>80.5</td></tr><tr><td>Actual</td><td>81.5</td></tr><tr><td>Variance</td><td>+1</td></tr><tr><td>%</td><td>+1.24%</td></tr></table>	Target	80.5	Actual	81.5	Variance	+1	%	+1.24%
Target	90%																									
Actual	98.6%																									
Variance	+8.6																									
%	+9.6%																									
Target	1 billion																									
Actual	1.22 billion																									
Variance	+0.22																									
%	+22%																									
Target	80.5																									
Actual	81.5																									
Variance	+1																									
%	+1.24%																									
<div><div>GOAL 4 Building Technology IBS Score 80 Points</div></div>	<div><div>GOAL 5 Job Creation 100,000 Jobs</div></div>	<div><div>GOAL 6 Affordable Homes 15,000 Units Below RM600,000</div></div>																								
<table><tr><td>Target</td><td>57</td></tr><tr><td>Actual</td><td>56</td></tr><tr><td>Variance</td><td>-1</td></tr><tr><td>%</td><td>-1.8%</td></tr></table>	Target	57	Actual	56	Variance	-1	%	-1.8%	<table><tr><td>Target</td><td>5,000</td></tr><tr><td>Actual</td><td>2,471</td></tr><tr><td>Variance</td><td>-2,529</td></tr><tr><td>%</td><td>-50.6%</td></tr></table>	Target	5,000	Actual	2,471	Variance	-2,529	%	-50.6%	<table><tr><td>Target</td><td>1,000</td></tr><tr><td>Actual</td><td>1,622</td></tr><tr><td>Variance</td><td>+622</td></tr><tr><td>%</td><td>+62.2%</td></tr></table>	Target	1,000	Actual	1,622	Variance	+622	%	+62.2%
Target	57																									
Actual	56																									
Variance	-1																									
%	-1.8%																									
Target	5,000																									
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Variance	-2,529																									
%	-50.6%																									
Target	1,000																									
Actual	1,622																									
Variance	+622																									
%	+62.2%																									
<div><div>GOAL 7 Volunteer Hours 10,000 hours</div></div>	<div><div>GOAL 8 Cycling Jogging Tracks 300 km</div></div>	<div><div>GOAL 9 Human Rights All Vendors/Supply Chain Partners have clear commitment to Human Rights</div></div>																								
<table><tr><td>Target</td><td>300</td></tr><tr><td>Actual</td><td>700.5</td></tr><tr><td>Variance</td><td>+400.5</td></tr><tr><td>%</td><td>+133.5%</td></tr></table>	Target	300	Actual	700.5	Variance	+400.5	%	+133.5%	<table><tr><td>Target</td><td>30</td></tr><tr><td>Actual</td><td>68.8</td></tr><tr><td>Variance</td><td>38.8</td></tr><tr><td>%</td><td>+129.3</td></tr></table>	Target	30	Actual	68.8	Variance	38.8	%	+129.3	<table><tr><td>Target</td><td>0</td></tr><tr><td>Actual</td><td>VCOBC (draft)</td></tr><tr><td>Variance</td><td>0</td></tr><tr><td>%</td><td>-</td></tr></table>	Target	0	Actual	VCOBC (draft)	Variance	0	%	-
Target	300																									
Actual	700.5																									
Variance	+400.5																									
%	+133.5%																									
Target	30																									
Actual	68.8																									
Variance	38.8																									
%	+129.3																									
Target	0																									
Actual	VCOBC (draft)																									
Variance	0																									
%	-																									

GOAL 10 **Occupational Safety & Health**
Zero workplace accident-related fatalities

Target	0
Actual	0
Variance	0
%	–

GOAL 11 **Urban Farming**
Minimum 1 urban farm per township

Target	2
Actual	2
Variance	0
%	–

GOAL 12 **Renewable Energy**
25,000 MWh

Target	457 MWh
Actual	312.13
Variance	-144.87
%	-31.7%

GOAL 13 **Water Saving Fittings**
30,000 Residential Units

Target	2,000 – 2,500
Actual	3,948
Variance	+1,448
%	+57.9%

GOAL 14 **Community Recycling**
6,570,000 kg/6570 tonnes

Target	20-25
Actual	39.4
Variance	+14.4
%	+57.6%

GOAL 15 **Biodiversity (IUCN Trees)**
50,000 trees

Target	20,000
Actual	21,623
Variance	+1,623
%	+8.1%

GOAL 16 **Carbon Sequestration**
<30,000 tonnes (from 160,000 trees)

Target	4,000 – 4,500
Actual	15,545
Variance	+11,045
%	+245.5%

GOAL 17 **Energy Efficient Homes**
12,500 homes

Target	750 – 1,000
Actual	2,760
Variance	+1,760
%	+176%

GOAL 18 **Operational Eco-efficiency**
103.2% Total Carbon and 100% Total Waste Reduction and 100% Recycling; 30% Water Intensity Reduction

Target	Restate Baseline
Actual	Baseline restated
Variance	0
%	–

Section 2: Sustainability Governance



Elmina Twin Lakes Park in the City of Elmina/Chai Hui Ying

The integration of sustainability into business operations is a journey of organisational transformation. Sime Darby Property's sustainability function is guided by an overarching Integrated Sustainability Policy, and other enabling policies that address various material matters.

INTEGRATED SUSTAINABILITY POLICY

Sime Darby Property's Integrated Sustainability Policy Statement, finalised in 2020 and due to launch in 2021, outlines our intent and commitment to promote industry best practices in the context of ESG performance in support of the UN SDGs and Paris Accord target. It highlights our expectations towards sustainability practices and standards amongst employees, business partners and stakeholders. Responsibility towards sustainability is cascaded throughout our value chain to support and align with the Group's Code of Business Conduct (COBC), Vendor Code of Business Conduct (VCOBC) and existing internal Group Procurement Policies and Authorities (GPPA)

The policy holistically integrates the 3Ps of Prosperity, People, Planet plus Governance, to:



Contribute to a Better Society (People)



Deliver Sustainable Development (Prosperity)



Optimise Environmental Performance (Planet)



Uphold Good Governance and Transparency



The governance oversight of sustainability at Sime Darby Property comes under the Board of Directors, supported by the Group Managing Director, who at the executive level ensures sustainability is implemented through the respective committees and taskforces such as the ESH Committee (ESHMC) and the Human Rights Taskforce (HRiTF), and via a dedicated functional department and is operationalised by operational teams across the Group into sustainable products and services.

GREEN SUSTAINABILITY KPI

Accountability is critical to ensure delivery of our sustainability programmes and goals. We endeavour to make sustainability a part of everyone's core duty, starting from the senior leadership level.

Based on the yearly targets in our 2030 Sustainability Goals, we established sustainability-linked green sustainability KPI in 2020. Our first set of newly defined Green Sustainability KPI focus on identified areas of environmental concern under the Planet pillar.

The Green Sustainability KPI is a step forward that demonstrates Sime Darby Property's commitment to sustainability. The Group Managing Director and the relevant personnel in senior management are accountable for the Green Sustainability KPI. This serves as the starting point to catalyse organisational transformation, and to tie in sustainability with the work scope and day-to-day functions of our people.

In 2020, the Green Sustainability KPI comprises three specific 2030 Sustainability Goals targets – carbon sequestration, energy-efficient homes, and water savings fittings. All the FY2020 targets were exceeded.

2020 Green Sustainability KPI

2020 Annual Target		2020 Result
4,000-4,500 trees (Carbon Sequestration)	➔	15,545
750-1,000 energy-efficient homes	➔	2,760
2,000-2,500 homes with water savings fitting	➔	3,948

Section 3: People (Contributing to a Better Society)



Elmina Rainbow Bridge/Ab Hamid Abdul Hafiz

The People sphere signals the Group's intent to contribute to a better society. People, to us, means our employees, customers, vendors and subcontractors, civil society and the wider community. These constitute the social and relationship capital as well as the Group's human capital. By building positive relationships with these stakeholders, Sime Darby Property can create an empowered workplace, a safe supply chain and sustainable communities.

CONDUCTIVE WORKING ENVIRONMENT

DIVERSITY AND INCLUSION

Our People diversity lies at the core of our organisational DNA and overall success, as each talent profile brings a unique perspective in ways that enrich the outcome of our undertakings. We ensure a diverse and inclusive culture by levelling the playing field, enforcing anti-discrimination policies and practices at all levels.

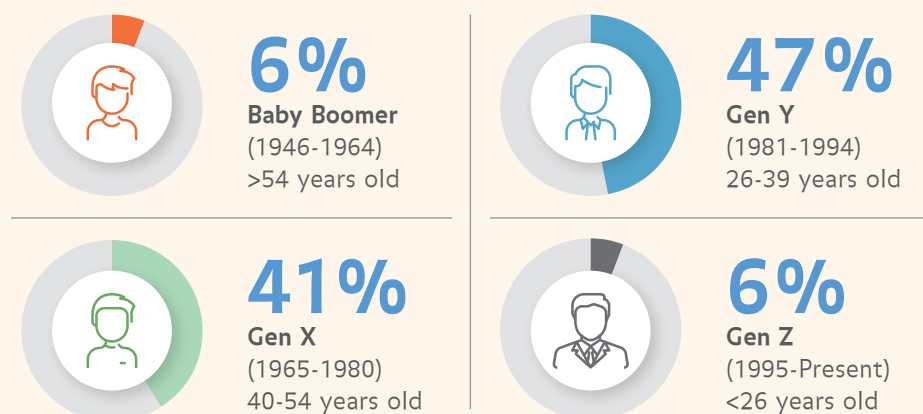
We uphold to the policies outlined in our Group Policies and Authorities (GPA) which is available in the Company portal. We also uphold the employment principles, which comply with the Equal Opportunity and Anti-Discrimination policies embedded in our internal GPA on Human Resources.

All potential candidates and existing employees of the Group are given equal opportunities and treatment. We are strictly against discrimination in gender, age, race, religion, culture or nationality in our processes and work practices. We believe that diversity in the workplace is an appropriate indicator of a healthy working environment.

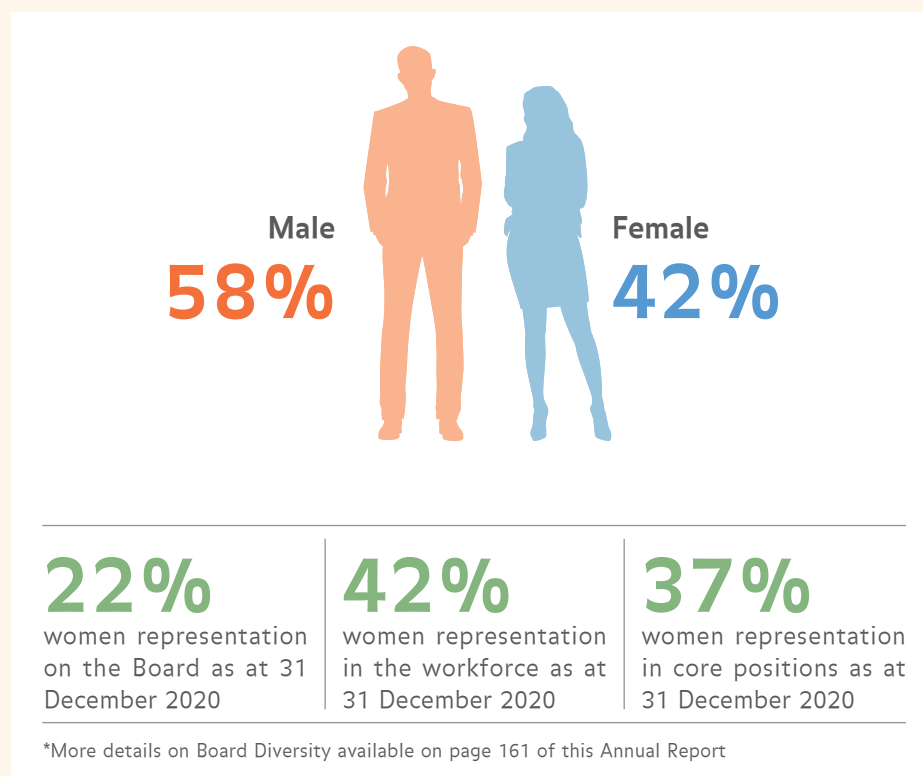
DIVERSITY PROFILE

Sime Darby Property's multi-generational workforce comprises Baby Boomers (6 percent), Gen-X (41 percent), Gen-Y (47 percent) and Gen-Z (6 percent). As the company grows, it is important for the Group to engage its employees on a timely basis to address the different needs of within the diverse workforce.

Breakdown by Generation:

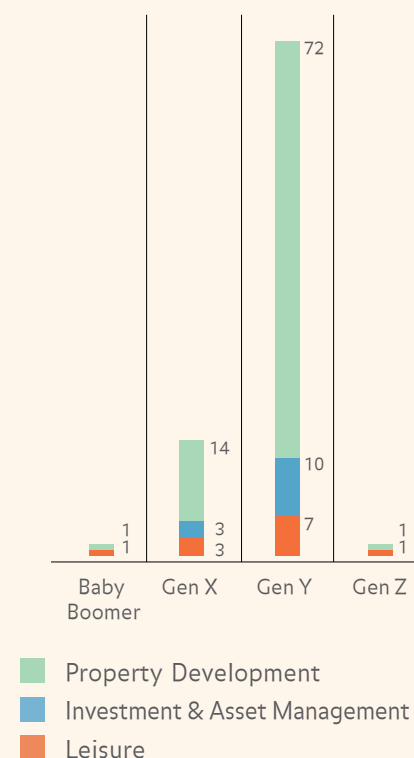


Breakdown by Gender:



A robust pipeline of female talent was ensured at entry level. 40 percent of the 2020 intake of Management Trainee Programme were female. At other levels, 41 percent of the total new hires were female and 44 percent of the internal female talents were promoted based on the career growth opportunities in the company.

Total New Hires By Generation



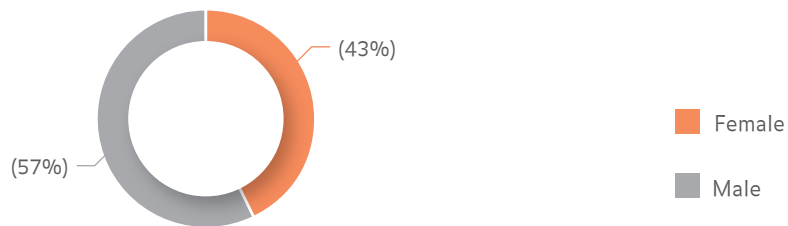
Gen Y represented the highest rate of recruitment (78 percent) during the financial period.

In addition, career needs and plans are deliberated during performance appraisal sessions with follow-through training programmes, job rotation and special project assignments to provide equal career development and progression opportunities.

Flexible working hours were practised during the MCO period to cater to female employees to care for their children's needs at home. Additionally, the Compassionate Leave criteria was amended to include the accompaniment of children undergoing quarantine.

Section 3: People (Contributing to a Better Society)

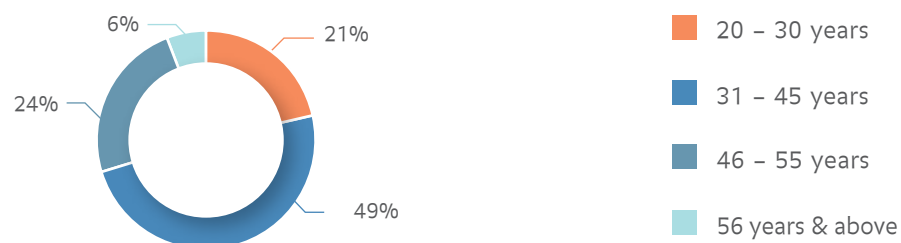
Cost Spent by Gender



Cost Spent by Job Group/Level



Training by Age Group



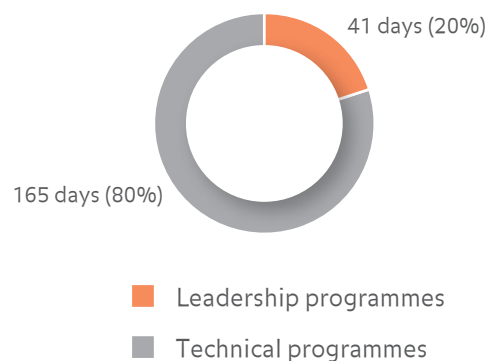
DEVELOPING TALENT

The Group has shifted the approach to better understand its people's attitudes and values, while harnessing technology to analyse and create new, more relevant insights into employees' needs and expectations for the workforce. This personalisation enables employees to maximise their contributions at work, derive enhanced meaning in their careers, and, ultimately, better align themselves with the purpose of the organisation.

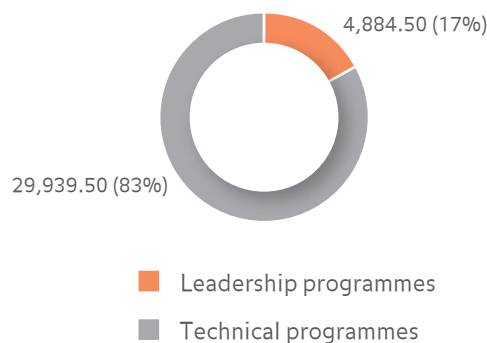
Our internal human capital development has been driven by a steady increase in learning and development programmes for our employees. There was a marked increase of total learning hours from 2018 to 2019, and again from 2019 to 2020.

The COVID-19 pandemic disrupted the business in many ways but the Group's commitment to its staff remained even as the Work-from-Home practice continued. The Group swiftly adapted to the new normal by switching to online programmes for both technical and leadership-focused courses. The total number of programmes conducted in 2020 increased to 200 from 121, with 62.5 percent of those delivered online.

Number of Programme Days for Leadership & Technical Programmes in 2020



Number of Learning Hours for Leadership & Technical Programmes in 2020



Feedback continues to be positive, with an average satisfaction score of 4.0 on our in-house courses in 2020.

Sime Darby Property spent a total of RM1,150,707.00 on learning and development for its employees in 2020. The cost spent by gender reflects our gender composition and employee level. The types of training, whether technical/functional or leadership oriented, are also targeted towards the needs of each employee age group.

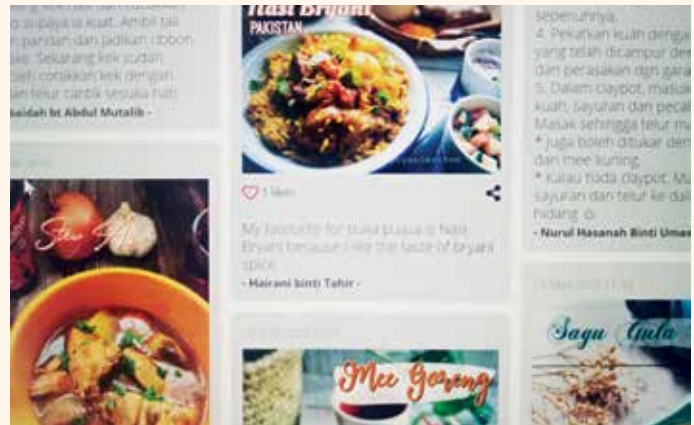
Section 3: People (Contributing to a Better Society)

#BERSAMA making a difference

On 1 April 2020, Sime Darby Property invited Malaysians to submit personalised thank you notes to the frontliners who put their health and safety on the line during the COVID-19 pandemic.

The #BERSAMA, Let's Say Terima Kasih campaign was a huge success, drawing hundreds of participations from those wanting to convey their gratitude to the frontliners through notes and drawings, with many of the submissions now hanging on the walls of Hospital Sungai Buloh.

This campaign then sparked the #BERSAMA movement, through which Sime Darby Property organised various campaigns to bring Malaysians together while spreading positivity and hope.



#IFTARBERSAMA

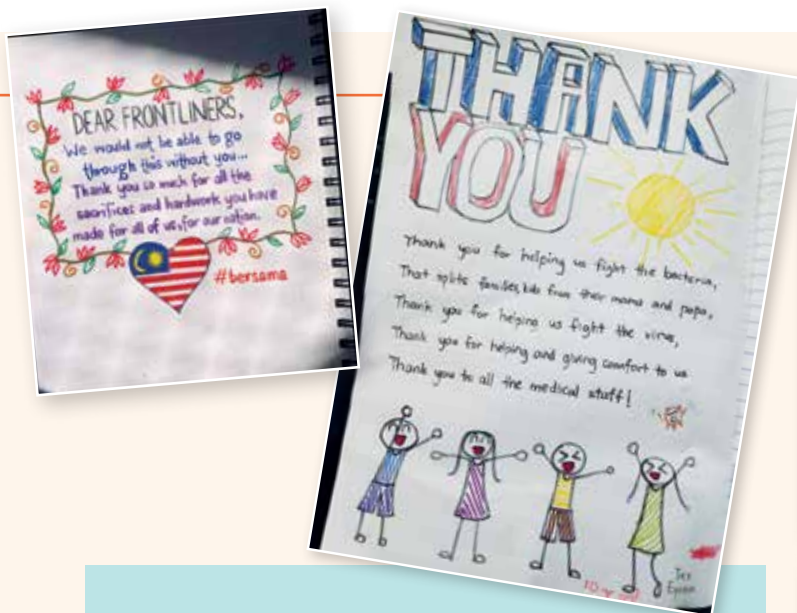
Malaysians were encouraged to share their favourite home-cooked buka puasa recipes, or simply jot down their favourite dish during the month of Ramadan.

#KADRAYABERSAMA

Keeping with the Hari Raya theme, Malaysians were invited to send their uniquely designed greeting cards and festive wishes for the entire nation.

#OOTDRAYABERSAMA

Social distancing was theme as participants sent in photographs of themselves wearing "Outfit Of the Day" during Hari Raya.



#KARAOKEBERSAMA

Malaysians were part of a nation-wide community karaoke session singing their favourite Raya songs.

#BERSAMA2.0: SPOTLIGHT ON HEROES

The unsung heroes who went above and beyond the pandemic were remembered and celebrated throughout this campaign. People were invited to share the remarkable stories about everyday heroes who have overcome and given their all in the wake of the pandemic.



More information on the **#BERSAMA** campaign
is available at dto.ideas.com



Section 3: People (Contributing to a Better Society)

MOTIVATED WORKFORCE

Sime Darby Property has undergone a massive transformation backed by a strong, flexible and capable workforce that can adapt to future challenges. We have created a highly engaging workplace for employees which is conducive to peak performance following the key elements of the firm's PRIME core values – Passion, Respect & Teamwork, Integrity & Accountability, Make It Happen and Entrepreneurial Spirit.

We aim to champion work-life integration among the employees of Sime Darby Property to create an environment where people can connect, be inspired, get excited and stay engaged to perform their best.

The following engagement activities were implemented in 2020:

- Walkabout sessions that allow the senior management team to connect with employees
- Teambuilding events to strengthen bonds within teams and departments
- Celebration and recognition of outstanding performance by team members through internal and external awards
- Thematic events such as Merdeka Day, Women's Day, and other festive activities
- Collaboration between departments to create a better working relationship among all employees



The Edge Top Property Developers Award 2020



Bandar Universiti Pagoh site visit



Run with Autism



The Glades Putra Heights site visit

Enhancing Practices in the Workplace

In line with the Group's vision to be a leader in building sustainable communities, we continued to inculcate a working culture that can maintain competitiveness into the future. Our mission is to create a place that inspires, connects and lasts for generations to come, and the same sentiment can also be used to describe our aspirations for the workplace.

Communication is not only key to a motivated and connected workforce. We have created various avenues for our employees to collaborate and communicate with not just each other but also the Management, notably via our in-house platform called Yammer. We encourage our people to share inputs by opening chatroom channels where they can submit their thoughts and queries during Townhall meetings for the Management to answer.



In Sime Darby Property, the minority group which is our unionised employees represent 1 percent of our total workforce. Engagement sessions were done through union representatives and were conducted during the collective bargaining negotiation session prior to the expiry of the Collective Agreement.

Well-being Programme

Sime Darby Property has brought mental health to the forefront through a digital well-being programme. During the period under review, the Group launched Jalinan Nurani, a digital well-being programme which provides a comprehensive support framework that caters to the emotional and psychological needs of all employees as well as their immediate family members.

The program offers an array of services, including a wellness website, health talks, webinars, digital coaching and mentoring services and remote therapy sessions with qualified psychologists, on-site face-to-face therapy and a 24/7 crisis hotline, carried out by certified trainers/physicians. The privacy and

confidentiality offered by this programme allows our employees to be more open about their mental health and seek the help and treatment they require.

Since its launch in July 2020, the complimentary Jalinan Nurani platform has gradually gained positive traction among our employees and their immediate family members. As a result of this initiative, many of our employees are beginning to acknowledge and develop awareness of their mental, emotional and psychological health.

Due to the ongoing COVID-19 pandemic that can exacerbate depression, anxiety and stress, employees now have to consider job security, financial stability and other factors while adapting to the



challenges of working from home and isolation. In light of the unprecedented circumstances, a separate initiative was introduced that provides a one-off financial assistance to all the B40 income earners within the Group, with the intent to alleviate their financial burden during this difficult period.

Section 3: People (Contributing to a Better Society)

HEALTH, SAFETY AND ENVIRONMENT

Occupational Safety and Health (OSH) is a particularly material issue to our type of business. Our project sites harbour numerous safety risks that need to be managed with OSH precautions. It is our duty to protect those we engage to deliver on our projects, be it our own employees or subcontractors. As such, we aim to maintain a positive track record of zero fatalities with the safety of our people as a top priority in our operations.

The COVID-19 pandemic is an OSH issue. In response, strict controls were implemented at all our Operating Units and are ongoing. All contractors were required to comply with the newly introduced Pandemic Management Prevention of COVID-19 Infection for Construction Activities Guideline.

COVID-19 cases recorded at Sime Darby Property:

- 14 positive COVID-19 cases involving its employees were reported.
- One (1) case was detected involving an employee from the JV company, Sime Darby Property Selatan
- 3 positive COVID-19 cases involving contractor workers were reported.
- All 64 sites resumed operations.

** As of 31 December 2020*

Our Policy on Occupational Safety & Health (OSH)

Sime Darby Property's OSH Policy, which outlines the Standard Operating Procedures that our employees and partners are expected to fulfil, demonstrates our commitment to OSH best practices. As suppliers, contractors and subcontractors occupy a large part of our extended value chain and operations, where most of our critical OSH issues arise, we periodically review their OSH strategies and check for compliance with existing regulations on OSH, including the following:



Lot 15 Serviced Residence, SJCC site visit

Occupational Safety and Health Act 1994

Factories and Machinery Act 1967

Construction Industry Development Board Act 1994

OSH Requirements for Contractors

Regular OSH Risk-Based Assessments, Site Safety Evaluation Verification and Surprise Visit Checks are conducted with the help of internal and independent audits to ensure all our project sites operate to the highest standards of safety.

HSE TRAINING

Date	Training Title	No. of attendees	Avg. Pass Score	Total passing score
Whole year	ESH E-Learning	873	87%	100%
24/09/2020	Construction Safety	17	Not applicable	Not applicable
25/11/2020	OSCHIM	33	Not applicable	Not applicable
27/11/2020	EQA 1974, EIA, EMP & EIA Approvals (27/11/2020)	32	Not applicable	Not applicable



Lot 15 Serviced Residence, SJCC topping up ceremony

ESH E-Learning is an in-house online training for all staff AVP 1 & below. The training coverage is about basic HSE topics such as introduction to basic HSE, main legal requirements, types of hazards at the workplace, HSE risk management and relevant HSE Management System.

Construction Safety guides the Project Management Team on OSH management at construction sites with emphasis on effective risk mitigation controls.

Training on Guidelines on Occupational Safety and Health in Construction Industry (Management) 2017 (OSCHIM) provides information on legal requirements related to construction

activities involving the designer (consultant), contractor and client starting from the planning phase till project completion. It emphasises on the roles and responsibilities to be fulfilled by each party in ensuring risk mitigation controls are effectively implemented at every project phase/process.

Training on EQA 1974, EIA, EMP & EIA Approvals provides knowledge on identifying applicable legal requirements for the Group's operations and risk mitigation controls required to be implemented at a construction site towards minimising adverse impact to the environment resulting from operations. Emphasis was given on Best Management Practices that employed by other construction industry players.

Section 3: People (Contributing to a Better Society)

OSH Performance



2016

Last fatal Accident Occured



5

Years since last Fatal Accident



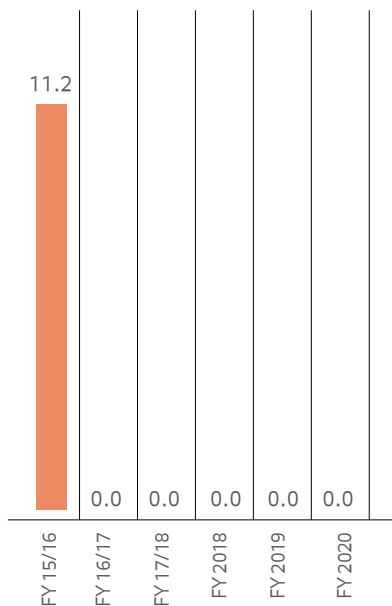
0

Fatal Accident

Fatal Accident Rate (FAR)

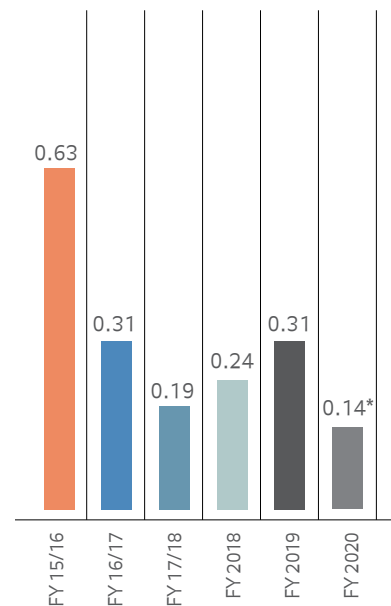
No. of Fatalities/100 million work-hours

Figure 1



Loss Time Injury – Frequency Rate (LTI-FR)

No. of Incidents/1,000,000 work-hours



[^] Total number of hours worked denominator used for the calculation of LTI-FR is based on the estimation of total number of employees x 22 days x 8 hours (for employees) and the actual hours submitted by contractors and vendors (non-employees).

Loss Time Injury incidents reported were from Sime Darby Property HQ and Hospitality and Leisure operation – one (1) incident from TPC KL.

* The data has been externally assured. Please refer to Independent Assurance Report from pages 429 to 431.

INCLUSIVE DESIGN

Inclusive design considers the full range of human needs, from the young to the elderly, abled to disabled. Design approaches that incorporate diversity as a principle enables each different resident to live in a comfortable, safe and empowering environment.

MULTI-GENERATIONAL LIVING

Ilham Residence 1 in the City of Elmina's first landed strata precinct, Elmina Grove is designed to elevate the multi-generational concept from "home" to "living" to meet the needs of an ageing nation.



Ilham Residence 1 in the City of Elmina

Homes with **"Age in Place"** features safe and senior-friendly design elements that improve accessibility, mobility, comfort and opportunity for family and community interactions

The distinctive home layouts are carefully and specifically crafted for the needs of each of various major family types, including Couple and Starter Families, Young and Growing Families, Expanding Families and Elderly Couples.

Section 3: People (Contributing to a Better Society)

MALAYSIA'S FIRST INCLUSIVE PLAYGROUND

Sime Darby Property unveiled Malaysia's first inclusive children's playground to mark the International Day of Persons with Disabilities in 2020. The playground was in collaboration with children, their families, and a few leading organisations for people with disabilities.



Inclusive Playground at the City of Elmina

Collaboration between **Sime Darby Property** and **UNICEF** United Nations International Children's Emergency Fund Malaysia



Enables all **children to play together** as equals, but also to create opportunities for inter-generational interaction within families and encourage social cohesion within a community

Developed a **Best Business Practices Circular** and **Guidance Toolkit** as documentation of the journey, which guides the planning and development of inclusive playgrounds designed to create interesting play and learning opportunities for all children



CASE STUDY: CYCLING & JOGGING TRACK UTILISATION RATE

Sime Darby Property has been incorporating cycling and jogging tracks to promote a healthy lifestyle and safer communities. To assess the effectiveness of the design, comparative internal research was undertaken focused on the utilisation of cycling and jogging tracks at City of Elmina and standard footpaths at Bukit Jelutong. The study was conducted during Q1 and Q2 of 2020. The research objective was to determine if the incorporation of CPTED (Crime Prevention Through Environmental Design) principle-designed into park and infrastructure amenities resulted in a measurable difference in use.

Key Features of Track vs. Footpath

Elmina Park

- CPTED-designed track to promote the safety of users
- Buffers separating track and roads
- Landscaping design around the park that provides natural surveillance
- Well-lit areas
- Bench seating and litter bins fit into the park without impinging on the track
- Fencing along the river to ensure the safety of users

Bukit Jelutong

- Standard footpaths

30 hours of observational data was collected over several weeks at each site, totalling 60 hours of collected data. User perception/opinion research may be undertaken at a future point in time.

Overall findings:

- The number of individuals utilising the track at Elmina is **5x higher** than at Bukit Jelutong.
- Whole family units and broader age and gender ranges tend to use the Elmina tracks whereas Bukit Jelutong recorded more individual use.
- Elmina network **attracts a high volume of external users** (non-residents).

Our findings conclude that the incorporation of CPTED design into cycling and/or jogging track networks appear to turn a green space into an active popular social/recreational place.

Going forward, the results of this research will be used to inform future designs in our townships with a preference for CPTED design.

HUMAN RIGHTS

Through their employment and business relationships with people, companies have a large role to play in upholding human rights. At Sime Darby Property, we look at human rights through the lens of labour practices, by taking preventative and corrective measures to monitor and manage human rights in our organisation and the supply chain. Our respect of human rights covers all of our stakeholders, from our employees to the employees of our contractors and subcontractors. We exercise due diligence in the appointment of our vendors to ensure that the same level of commitment is held across our networks.

LABOUR PRACTICES (AT SDP AND TIER-1 VENDORS)

Being heavily dependent on labour, we understand the impact of our business operations on human rights in the property development and construction value chain, where many subcontractors are engaged. Issues such as the treatment of foreign labourers, fair employment terms, and the provision of humane living quarters are all material to our business and figure prominently in our consideration of ethical labour practices.

We strive to conduct business on ethical grounds, taking guidance from the Guiding Principles for Business and Human Rights issued by the United Nations Human Rights Council. Our Code of Business Conduct (COBC) supports the principles of the United Nations Universal Declaration of Human Rights that covers forced labour and protection of individual rights and freedoms. Human rights is one of the targets of Sime Darby Property's 2030 Sustainability Goals as well as an indicator in our internal Sustainability Index (SUSDEX) annual assessment across the Group, which tracks our performance on sustainability matters.

A considerable part of human rights enforcement lies in our extended supply chain. Our commitment to human rights therefore extends to our Tier-1 vendors. In 2020, the Vendor Code of Business Conduct (VCOBC) was developed for all Tier-1 vendors to accept and comply with, and which a copy can be found at <https://staging.simedarbyproperty.com/sites/default/files/2021-01/Vendor-COBC.pdf>.

We also recognise and share concerns of forced labour and human trafficking, and have dedicated resources to address them. In addition to strengthening our own practices, through our internal Human Rights Taskforce (HRTF) team, we achieved the following:

- Embedded clauses on responsibility to respect human rights in the new tender documents or the contractors' letter of acceptance as well as in our Vendor Code of Business Conduct;



Cantara site visit

- Raise awareness on the importance of basic human rights through constant engagement in our multi-layered and complex supply chain through the Sustainability Vendor Engagement Programme;
- Carried out a survey via Human Rights Self-Assessment Questionnaires with selected contractors so as to obtain a baseline understanding of labour conditions in our supply chain, including the practices of hiring workers and management of workers at site by our contractors;
- Developed an enforcement checklist on workers' quarters in response to the enforcement of the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019;
- Participated in the SUSDEX Assessment in September 2020 where we observed the incorporation of human rights clauses in active agreement and contract documents.

Based on our Group Whistle Blower Policy, various channels are available to all our stakeholders through which their grievances may be brought to our attention. No violation related to Human Rights were reported. More details on the Whistle Blower Policy is available on page 184 of this Annual Report.

Looking to the future, we are committed to stepping up reasonable efforts to avoid causing or contributing to adverse human rights impacts that may arise from our operations, products, services and/or business relationships.

Section 3: People (Contributing to a Better Society)

UPLIFTING THE COMMUNITY

Sime Darby Property believes in creating a better place for local communities and meaningful relationships within the communities. We are committed to providing comfort to those in need and inspiration and opportunity to those who want to improve their lives. We do this through cash and in-kind contributions, employee volunteerism, local collaboration, and our signature social impact programmes. Throughout our community engagement initiatives, we strive to leverage the best of our assets and capabilities to make a unique contribution for the social good.

Impact at A Glance


43

CSR initiatives
conducted

42

Organisations
supported
through
donations

8

Corporate
sponsorships/
partnerships

11

Commercial
initiatives

21

Volunteer
initiatives
conducted

700.5

Volunteer
hours
contributed


264

Volunteers
engaged


30

Disaster relief
assistances initiated


8

Welfare homes
assisted

9

Schools
assisted


893

B40 families
assisted

1,723

B40 individuals
assisted

>22,000kg

Unwanted fabrics
collected


RM2,487,001.10

Total charitable
contribution

RM92,184.00

Total community
investment and partnership











RM402,500.00

Total commercial
initiatives










ADDRESSING COMMUNITIES' NEEDS DURING THE PANDEMIC

Sime Darby Property diligently continued its commitment towards fighting the COVID-19 pandemic with several Corporate Social Responsibility (CSR) efforts throughout August to October, targeted towards the safekeeping of the underprivileged communities within and around its various townships.

Collaborating with its philanthropic arm Yayasan Sime Darby (YSD), the Group organised the several initiatives to assist people across the Klang Valley, Negeri Sembilan and Johor.

1	"Bantuan Khas Masyarakat" for B40 Communities in Sime Darby Property Townships		<ul style="list-style-type: none">• Bandar Bukit Raja• Bukit Subang• Ara Damansara• Melawati• Bandar Ainsdale• Nilai Impian• Putera Heights• Bandar Universiti Pagoh	
		729 Families and 69 Individuals		Vouchers for one month supply of groceries worth RM220 (families) and RM160 (individuals) each, totaling RM173,000
2	Food Assistance for Low Income Caddies		TPC Kuala Lumpur Impian Golf & Country Club Sime Darby Football Club	3 Food Assistance for Low Income Football Coaches
		134 Caddies		Vouchers worth RM220 each totaling RM29,480
				6 Coaches
				Vouchers worth RM220 and RM160 each totaling RM1,140
4	Disaster Relief Assistance to Schools		<ul style="list-style-type: none">• Melawati• Bandar Ainsdale• Nilai Impian• Bandar Universiti Pagoh	
		>8500 students benefited		9 Schools assisted
				Hygiene items distributed worth RM35,500

Sime Darby Property Relief Fund for COVID-19

<p>1 GLC & GLIC Disaster Response Network (GDRN) - Sime Darby Property National Disaster Management Agency (NADMA) - Sime Darby Property Selatan</p> <div>  <p>GDRN supported hospitals under the Ministry of Health and Pharmaniaga to purchase medical supplies</p> </div> <div>  <p>Selected quarantine and treatment centres were fully equipped with medical suppliers, PPE and ventilators</p> </div>	<p>GDRN: RM500,000</p> <p>NADMA: RM250,000</p>
<p>2 Lunch pack to frontliners of Ministry of Health - 5 Hospitals</p> <div>  <p>500 food packs distributed</p> </div> <div>  <p>500 frontliners benefited</p> </div>	<p>RM13,572.00</p>
<p>3 TPC Kuala Lumpur (KL) caddie Fund Relief</p> <div>  <p>140 caddies (part time)</p> </div> <div>  <p>Cash Contribution and Tesco vouchers worth RM220</p> </div>	<p>TPC KL Member's Donation Fund: RM164,486</p>
<p>4 Disaster Relief Assistance to Communities (BU1-BU5)</p> <div>  <p>>1500 people benefited</p> </div> <div>  <p>17 Government Agencies and NGO's assisted</p> </div> <div>  <p>Hygiene items distributed worth RM5,361</p> </div>	<p>RM69,979.10</p>

Section 3: People (Contributing to a Better Society)

ECONOMIC INCLUSION

Sime Darby Property Economic Empowerment Programme

59 beneficiaries from B40 group in our developments who are also involved in small-scale businesses participated in the **six-month structured entrepreneurship training and mentoring programme**

Expected to complete by **April 2021**, this programme aims to improve the livelihood and economic status of urban poor communities living across our townships

SOCIETAL ENGAGEMENT

Sime Darby Property Volunteers Programme (SDPVP)

21 projects were implemented by **264 volunteers** with a total of 700.5 volunteer hours

Participants are entitled to an unrecorded half-day **"Volunteer Time Off"** per the completion of eight volunteer hours per year.

To date, **685 volunteers** have been engaged and 2,477 volunteer hours recorded since the inception of SDPVP in 2018

* In 2020, all SPDVP activities were exercised in accordance with the relevant SOPs and guidelines as mandated by the Government.

C.L.A.S.S/"Children Learn English And Speaking Skills" Programme

More than **80 children** from low-income families (PPR Taman Putra Damai, Ara Damansara) participated in **C.L.A.S.S Programme to receive free English lessons**

It was a collaboration with non-governmental organisations **Persatuan Pemuda GEMA Malaysia** and **Pertubuhan IKRAM Malaysia**



Run with Autism

In collaboration with YSD and National Autism Society of Malaysia (NASOM) Klang



"Be a Face Mask Maker with SURI Inspirasi" campaign

Sime Darby Property Volunteers Programme with Suri Inspirasi

- Almost 30 volunteers participated in the programme
- 5000 reusable face masks produced in collaboration with Suri Inspirasi
- It will be distributed to the selected marginalised and underprivileged communities within or nearby our developments
- SURI Inspirasi is a social enterprise that provides financial opportunity and living skill of sewing for single and underprivileged mothers in Klang



Section 3: People (Contributing to a Better Society)

Be a Zookeeper's Aide-SDPVP at Zoo Negara

Volunteers were educated on the various wildlife species at Zoo Negara and how to create a better environment for them

About **30 volunteers** assisted zookeepers in their daily tasks from cleaning enclosures to preparing meals for the animals



One With Nature: SDPVP at Taman Tugu

Guided jungle walk and **educational environmental programme**

In collaboration with **Free Tree Society** and in partnership with Taman Tugu Project Development Sdn Bhd

More than 15 saplings were transplanted by 20 volunteers



EMPOWERING CITIES AND COMMUNITIES

Our townships present the opportunity for us to influence a wider spectrum of individuals and groups through active engagement and selective empowerment programmes. We envision sustainable communities with not only affordable, green and inclusive homes but that also nurture positive social change. Continuous engagement with our communities on sustainable living, paired with thoughtful design aspects, can empower people to adopt and champion sustainability in their own lives. We implemented three programmes that empower the target groups economically and that promote sustainable lifestyles in our townships.

'Sinar Harapan' Festive Aid Programme

This flagship project serves underprivileged communities with various critical needs. It provides relief for families feeling the financial crunch during festive seasons.



Edible Community Garden Programme at Bukit Subang

To date, the families have harvested about **5,000 kilos** of fresh produce worth more than **RM32,000** and sold it to the local markets



Fabric Recycling Movement Campaign

22,000kg of unwanted fabric were collected in an initiative to encourage Sime Darby Property's employees to recycle unwanted fabric

In collaboration with Kloth Malaysia Sdn Bhd as the **"Fabric Recycling Partner"** and Lifeline Clothing Malaysia Sdn Bhd as the **"Fabric Recycling Operator"**



Section 4: Planet

(Optimising Environmental Performance)



Aman North Park, Serenia City

Sime Darby Property is mindful of the environmental impact caused by its operations and undertakes appropriate management of natural capital to ensure longevity. This is achieved via managing negative environmental externalities from operations, ensuring environmental compliance and supporting biodiversity conservation.

The Group approaches climate crisis and carbon management through operational carbon emissions management via the Eco-Efficiency Programme, as well as climate change mitigation, reduction and adaptation strategy in the range of products and services offered. The latter includes energy-efficient homes, water saving fittings, renewable energy via solar PV, urban farming, up to Q1000 flood management schemes, high tree planting density, community domestic recycling programmes and composting.

CLIMATE ACTION: MITIGATION AND ADAPTATION

Climate change is one of the most pressing and frequently cited risks facing humanity and the planet. The property development and construction sector deals in physical assets, which can be vulnerable to climate risks such as water security, flooding and much more. Starting from the third quarter of 2020, the Group initiated an exercise to review its enterprise sustainability risks with a particular focus on climate-related risks. A summary of the identified risks is provided below, whereby the overall majority are being addressed through existing mitigation and adaptation processes and continuous management. This list of key risks is representative of climate-related risks faced by the overall property sector.

Climate Change and Sustainability Risks

No.	Risk Title	Risk/Opportunity Description
1.	Water scarcity	Scarcity in availability due to physical shortage or scarcity in access due to failure of institutions to ensure sufficient treated water availability.
2.	Flooding – seawater inundation	Coastal inundation is when sea water rises high enough that it floods land, infrastructure and buildings or endangers peoples' safety.
3.	Flash flood frequency	A flood caused by heavy or excessive rainfall in a short period of time, generally <6 hours, and in some instances where infrastructure is under-designed or in poor condition.
4.	Heat island effect (rise in temperature)	Heat islands are urbanised areas that experience higher temperatures than outlying areas. Structures such as buildings, roads, and other infrastructure absorb and re-emit the sun's heat more than natural landscapes such as forested areas and water bodies.
5.	Increased temperature reducing workers productivity and health	A one-degree increase in temperature increases the probability a worker would be absent by as much as 5 percent. By 2100, temperatures might rise by up to an average of 4.7°C. Between 2030 to 2040 the increase might be half of this due to the predicted curve where increases may be high at first and plateau off later towards 2100.
6.	Green assets at risk (extreme drought) (landscaped parks)	Factors such as heat waves and drought due to climate change impacts provide opportunities to explore and sustainably utilise non-potable water sources, plant drought-tolerant species and build more permeable areas into infrastructure to increase groundwater recharge.
9.	Adverse brand association social & environmental performance/media coverage	Tier-1 vendors may have negative social or environmental practices that result in non-compliance to the Group's GPPA, COBC and VCOBC. Opportunity to increase vendor engagement raises awareness and improved vendor screening processes.
10.	Water Pollution	Emerging risk, particularly as Logistics & Industrial Development increase.

Section 4: Planet (Optimising Environmental Performance)

OPERATIONAL ECO-EFFICIENCY PROGRAMME

Operational eco-efficiency at Sime Darby Property covers our carbon, water and waste footprints. All three aspects are major natural capital inputs or outputs of our business. Water scarcity threatens the availability of a key operational resource, while inefficient production (of which the by-products are carbon emissions and waste) creates physical risks to business and the environment.

The Operational Eco-Efficiency Programme aims to reduce our negative environmental footprint. Through this programme, we systematically improve our environmental performance through progressive targets and programmes. The present long-term reduction targets are set out within Goal 18 of our 2030 Sustainability Goals, whereby we have significantly increased our carbon emissions reduction targets (disposing of intensity approach as it lacks impact) to aim to be operationally carbon negative by 2030, have zero waste through recycling, reduction, re-use, repurpose etc, and reduce our water intensity by 30 percent.

As a large corporation, we take cognisance of the very urgent need to de-carbonise our business and propose that moving toward reducing carbon emissions by only 50 percent by 2030 will be insufficient if the Paris Accord targets are to have any chance of being met (1.5-2°C increase in temperature). Recent research indicates the world has already reached 1.2°C average temperature increase.

CARBON FOOTPRINT PROJECT

The Carbon Footprint Project (CFP), ongoing since 2010, now has the 2030 target of moving the company to be carbon negative by 2030. The baseline was restated due to changes in our business operations carbon emissions profile (mostly arising from the recent divestment of leisure and asset management assets) resulting in a change in the company's carbon emissions profile.

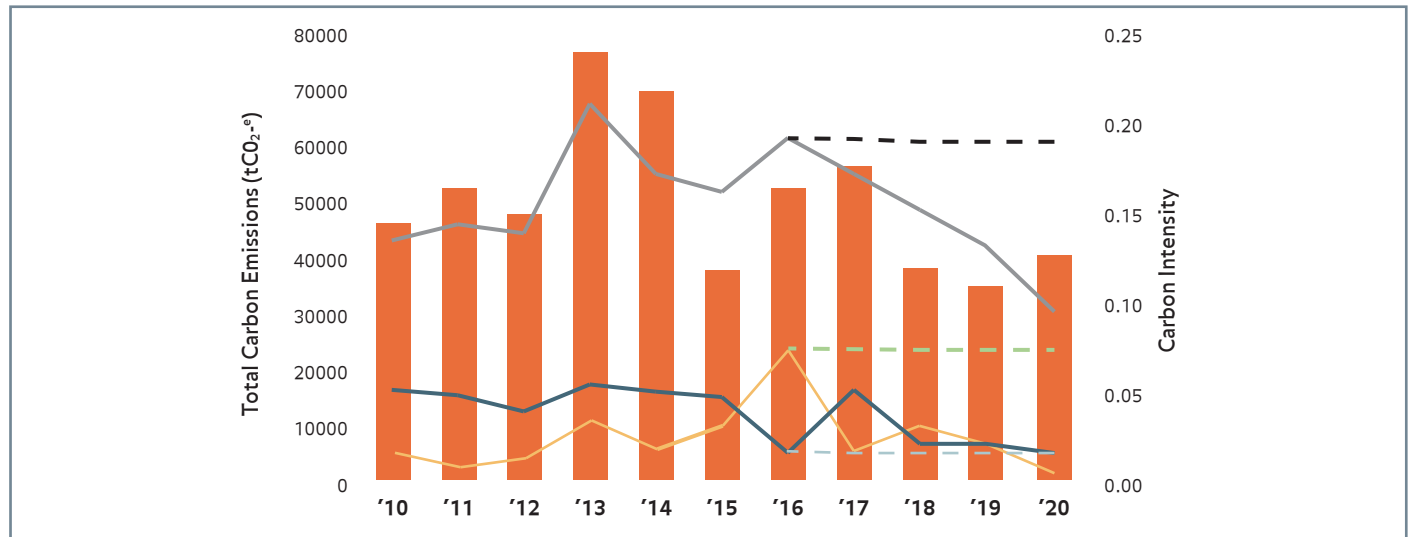
The Group's total carbon emissions for the year under review (2020) was 38,452 tCO₂-e* [Scope 1: 28,145 tCO₂-e and Scope 2: 10,307 tCO₂-e]. In a year-on-year comparison, total carbon emissions were 7.4 percent up from 2019 carbon from our assessment largely due to earthworks.

* Total Carbon data has been externally assured. Please refer to Independent Assurance Report from pages 429 to 431.



Elmina Central Park/Rasli Syamil

Total Carbon Emissions and Intensity by Segment of Business (FY2010 – FY2020)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
■ Total Carbon Emission (tCO ₂ -e)	45667	51860	47134	76023	69105	37324	49700	55768	37666	35801	38452*
— 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	0.1921
----- Reduction Target - Leisure Carbon Intensity (tCO ₂ -e/m ²)							0.1980	0.1970	0.1931	0.1931	0.1931

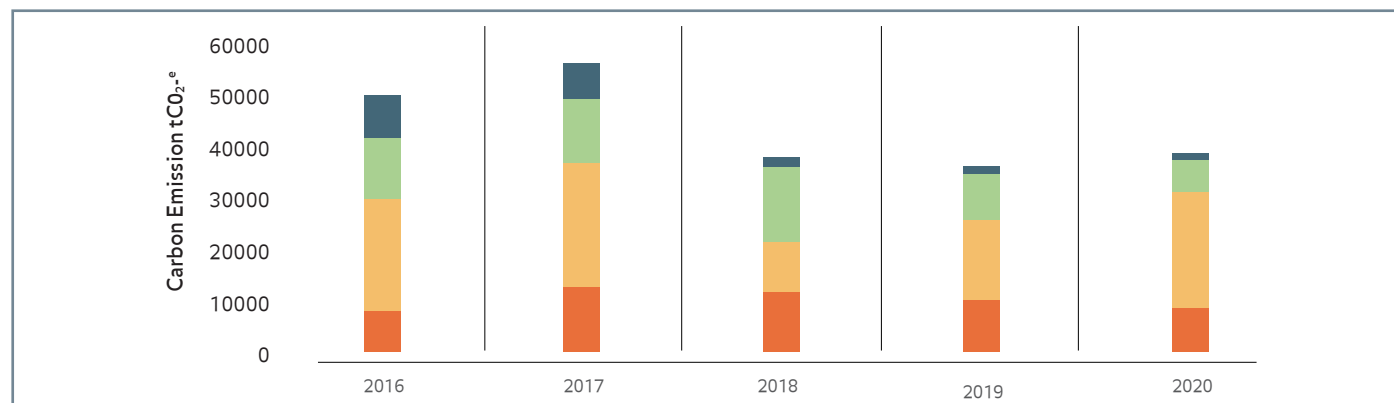
* Total Carbon has been externally assured. Please refer to Independent Assurance Report from pages 429 to 431.

Due to the nature of the business, the Leisure segment has consistently reported the highest carbon intensity within the Group, while the Property Development segment has quite consistently recorded the opposite.

Looking at the long-term business operational total carbon emissions trend we see that although there are peaks and troughs, overall total carbon emissions have been on the decline since 2013 until 2020.

Section 4: Planet (Optimising Environmental Performance)

Total Carbon Emissions (tCO₂-e) Breakdown by Business Segment for FY2016 – FY2020



	FY2016	FY2017	FY2018	FY2019	FY2020
Asset Management	8,245.08	6,851.78	1,744.15	1,361.97	1,108.47
Leisure	11,990.31	12,417.30	14,626.85	9,014.76	6,397.31
PD – Infra Works	21,696.31	23,901.96	9,834.77	15,486.45	22,614.85
PD – Building Works	7,768.76	12,597.25	11,460.70	9,938.18	8,330.99

The Property Development (Infra Works) segment has consistently reported the highest carbon emissions, 22,614.85 tCO₂-e from emissions source of heavy machinery (fuel usage) while the Asset Management segment has quite consistently maintained one of the lowest levels of carbon emissions, 1,108.47 tCO₂-e.

WATER MANAGEMENT PROJECT

Water scarcity is a pending global crisis and for some, a present crisis, driven by longer droughts and seasonal rainfall changes as an effect of climate change, which is compounded by increased demand for freshwater. For Sime Darby Property, water is important to the construction process as well as our office operations and an essential requirement for the communities that we develop.

As the Group continues to champion water optimisation, its strategies for 2020 were to continue implementing best practices at site and sustainable use of non-potable water for suitable usage that do not result in adverse environmental impact.

For the year under review, the Group revised its preliminary 2016 baseline, with the aim to achieve 30 percent water intensity reduction by 2030 as committed in Goal 18 of Sime Darby Property's 2030 Sustainability Goals. The revision of the baseline was due to:

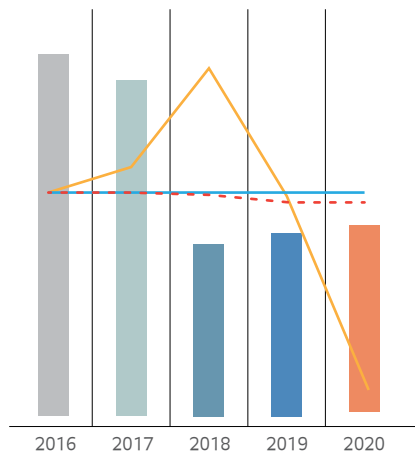
- An improved data set from 2015-2019;
- Exclusion/Divestment of assets under Investment & Asset Management and Leisure; and
- Inclusion of Infrastructure Land Area into the total area measured, where the Group no longer needs to rely on an economic denominator.

The restated water intensity baseline is 0.1625m³/m².

As the data quality for non-potable water is still improving, the Group will publish a revised baseline in due course, noting that the majority of water use in our business operations is drawn from potable treated water sources. The total potable water usage for 2020 was 612,830 m³* at 0.07081 m³/m² water intensity.

* Total potable water data has been externally assured. Kindly refer to the Independent Assurance Report on pages 429 to 431.

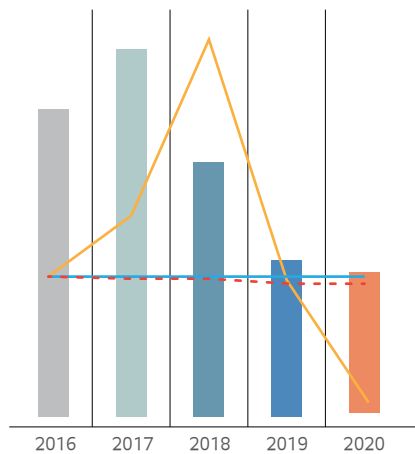
Sime Darby Property Total Water Consumption (m³) & Intensity Result vs. Baseline & Reduction Target (m³/m²) from FY2016 – FY2020



	2016	2017	2018	2019	2020
Total Water Consumption (m ³)	1,164,280	1,077,114	551,550	587,175	612,830*
Water Intensity Baseline 2016 (m ³ /m ²)	0.618	0.618	0.618	0.618	0.618
Water Intensity Result (m ³ /m ²)	0.618	0.686	0.954	0.604	0.068
Water Intensity Reduction Target (m ³ /m ²)	0.618	0.612	0.606	0.587	0.587

Sime Darby Property Water Intensity Result vs. Baseline & Reduction Target (m³/m²) from FY2016-FY2020

Sime Darby Property Total Waste Generation (tonnes) from FY2016 – FY2020



	2016	2017	2018	2019	2020
Total waste generation (tonnes)	8,465	10,148	7,005	4,267	3,980*
Waste Intensity Baseline 2016 (kg/m ²)	4.490	4.490	4.490	4.490	4.490
Waste Intensity Result (kg/m ²)	4.490	6.459	12.118	4.389	0.440
Waste Intensity Reduction Target (kg/m ²)	4.490	4.445	4.400	4.266	4.266

Sime Darby Property Waste Intensity Result vs. Baseline & Reduction Target (kg/m²) from FY2016-FY2020

* Total water and waste data has been externally assured in 2020. Refer to the Independent Assurance Report on pages 429 to 431.

Section 4: Planet (Optimising Environmental Performance)

WASTE MANAGEMENT PROJECT

As our landfills fill up and release methane (a potent greenhouse gas and a major culprit of climate change), there is an urgent need to adopt innovation within the production process that will reduce the amount of waste going to landfills. Sime Darby Property aims to reduce waste generated through its operations as well as within the communities it builds.

In 2020, the weights of scheduled (hazardous) and solid (non-hazardous) waste produced by Sime Darby Property's operations totalled 21 tonnes and 3,980 tonnes* respectively.

* Total Solid Waste data has been externally assured in 2020. Refer to the Independent Assurance Report on pages 429 to 431.

A professional waste management contractor handles the hazardous waste to ensure proper disposal and zero incidents of mismanagement. Hazardous waste is transported off-site to a secure facility where it is processed.

Sime Darby Property has been actively involved in practices that reduce operational waste generation. This includes the recycling of construction waste from sites and applying IBS (Industrial Building System) in construction.

For the year under review, the Group revised the preliminary waste intensity baseline set in 2016, with the new intent to become operationally zero solid waste by 2030, cognisant of the fact that recycling all business process residue (our term for waste) results in offsetting harmful carbon equivalent gases and thus building into the business model of the Group's circular economy.

The total solid waste (non-hazardous) generation in 2020 was 3,980 tonnes*, with a waste intensity of 0.440 kg/m², and a total of 233 tonnes of waste was recycled at a recycling intensity of 0.025770 kg/m².

* Total Solid Waste data has been externally assured in 2020. Refer to the Independent Assurance Report on pages 429 to 431.

VENDOR ENGAGEMENT: ECO-EFFICIENCY, CLIMATE CHANGE

Curbing global emissions requires collective action, from our internal operations to our vendors and communities. Companies have the opportunity to drive business ecosystem change by engaging with their vendors/business partners about climate change-related issues, risks and opportunities. Sharing guidelines, data tools and best practices as well as the implementation of green procurement criteria can lead to wider take-up of carbon emissions management and reduction.

Towards the end of 2020, we restarted a structured vendor engagement programme focused around sustainability (inclusive of human rights) and climate change awareness with the first engagement occurring on 21 December 2020. The programme aims to build awareness about the critical threats and opportunities that climate change poses to business and society at large and how each player in the business ecosystem can make a difference in mitigating the imminent challenges – even to explore new business opportunities.

Our target was to have a minimum of 25 percent of Tier-1 vendors (covering consultants, suppliers and contractors under contract with the company in 2020) included in this eco-efficiency and human rights engagement programme. At the time of finalising this 2020 report, we had engaged 44.4 percent of our contracted Tier-1 vendors.

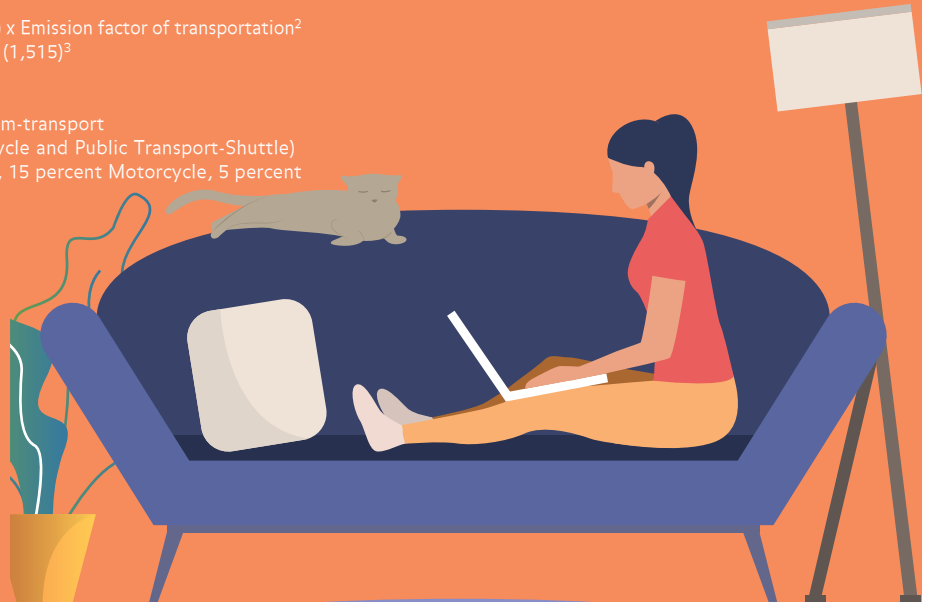
CASE STUDY: EMPLOYEE CARBON REDUCTION DUE TO THE NEW NORMAL

It is estimated that 24 percent¹ of the total global carbon emissions is due to transportation. One positive outcome from the pandemic is the Work-from-Home practice that reduced the need for transportation thus reducing carbon emissions and improving air quality. During the year under review, total avoided carbon emissions by all Group employees not travelling to the office is estimated at 1,410,225.64 kgCO₂-e*.

*Calculation method: Average mileage per day (km) x Emission factor of transportation²
x No. of WFH days (115 days) x Total SDP staff (1,515)³

Note:

- 1 <https://ourworldindata.org/co2-emissions-from-transport>
- 2 Based on type of transport (e.g. Car, Motorcycle and Public Transport-Shuttle)
- 3 Estimation of vehicle by staff: 85 percent Car, 15 percent Motorcycle, 5 percent Public Transport-Shuttle



TOWNSHIP COMMUNITY PRODUCT FOR CLIMATE ACTION

Sime Darby Property's climate change adaptation and/or mitigation strategy embeds low-carbon considerations into our township communities and residential home products. This is an effort to scale climate action to our communities and integrate climate risks into our business model.

Carbon

Our focus continues to be on building energy-efficient (EE) homes, which now are moving to include renewable energy primarily through PV solar panel installation.

Under an MoU agreement with TNBX, a subsidiary of Tenaga Nasional Berhad, 513 double-storey homes in the City of Elmina have been fitted with PV solar panels. By offering renewable energy to homeowners, they are able to not only reduce carbon emissions but also offset their monthly electricity bills.

Water

As per Goal 13 of Sime Darby Property's 2030 Sustainability Goals, 30,000 unit will be installed with WELL/WELP accredited fittings to integrate water saving elements in our products. In 2020, 3,948 residential units were fitted with low water use fittings. This exceeds the 2020 expected target of 2,000 units by 59.7 percent.

In addition, to capitalise on Malaysia's abundant rainfall and prevent careless misuse of freshwater, the installation of rainwater harvesting systems also continues for strata high-rise development.

Section 4: Planet (Optimising Environmental Performance)

Recycling

Since 2016, the Group has supported various community-centric recycling programmes.

Presently focused on Bandar Bukit Raja, Bukit Jelutong and Vista Mahogani in Saujana Impian, our community domestic recycling programmes are expanding as more communities show interest in environmental issues.

Sime Darby Property aims to achieve 6,570 tonnes of recycling via community recycling by 2030, as per Goal 14 of Sime Darby Property's 2030 Sustainability Goals.

For the year under review, the community recycling programme resulted in 39.4 tonnes of recycling. Since 2016, the total recycled volume data observed is 180 tonnes cumulatively. This is but a fragment of total recycling at township community level; nevertheless, such data can be converted into carbon emissions offset (at 917 kgCO₂-e/tonne recycling), which can be of use to local councils and other parties. Community domestic household recycling will continue to be scaled up as we roll out more programmes in other townships.

Adapting the benefits of community domestic household recycling, a special format will be rolled out to high-rise affordable housing communities, starting at Bandar Bukit Raja under the 'Maintenance offset fee recycling initiative' from 2021 onwards.



Year	Total Community Recycling Collection (tonnes)		
	Bandar Bukit Raja	Bukit Jelutong	Saujana Impian (Vista Mahogani)
2016	12.0	Data not available	Not started
2017	2.1	Data not available	Not started
2018	0.7	Data not available	Not started
2019	17.2	108.6	Data not available
2020	7.2	29.7	2.5
Sub-Totals (tonnes)	39.2	138.3	2.5
Total (tonnes)		180.0	

BIODIVERSITY CONSERVATION PROGRAMME

Uncontrolled land-use change and development can have profound impacts on habitats and their ecosystems. Malaysia, one of the most abundant biodiversity hotspots on this planet, has experienced rapid deforestation in the last decades².

Recognising the potential impacts of property development and construction on local biodiversity, Sime Darby Property does not clear primary rainforest and works with consultants and NGOs to protect and conserve endangered species as well as the habitats within and beyond our townships. Since 2011, when a biodiversity conservation focus began to be embedded into company processes and township products, the initial concept of including rare, endangered and threatened trees in landscaping has taken on a strategic partnership approach and continues to mature.

PARTNERSHIPS FOR THE GOALS (SDG 17)

As an integrated property and community developer, the Group fosters specialist strategic partnerships to deliver its business interests, including promulgating corporate stewardship by contributing to the UN SDGs. One such partnership is with an environmental NGO specialising in in-situ biodiversity conservation. In mid-2019, we entered into a strategic collaborative agreement with Tropical Rainforest Conservation & Research Centre (TRCRC) via a Memorandum of Understanding (MoU).

During 2020, under this MoU, we constructed Elmina Living Collection Nursery – dedicated nurseries for the propagation and growth of Malaysian rare, threatened and endangered trees listed on the International Union for the Conservation of Nature (IUCN) Red List, and the Elmina Rainforest Knowledge Centre (ERKC). TRCRC operates both assets for the benefit of the wider community and to conserve IUCN Red List tree rainforest biodiversity.

Although the pandemic and associated lockdowns have resulted in some operational delay, both the ERKC and ELCN have been handed over to the TRCRC, whereby the nursery has started propagation and growing of trees. Sime Darby Property purchases the trees from TRCRC and a proportion of the profits are used by TRCRC to deliver the educational programme at the ERKC.



² <https://www.globalforestwatch.org/>

Section 4: Planet (Optimising Environmental Performance)



ELMINA RAINFOREST KNOWLEDGE CENTRE (ERKC) & ELMINA LIVING COLLECTION NURSERY (ELCN)

The ERKC sits on 1.09 acres of land, while the nursery space occupies about 2 acres expandable up to 7-8 acres. These facilities are within the 84-acre Forest Park District of the 300-acre Elmina Central Park. By locating the ERKC and ELCN within the Forest Park District, it is in effect creating an urban rainforest extension of the nearby 2,700-acre primary forest reserve known as Subang Forest Reserve.

The overall goal of the project is to connect urban society with nature and to have a diverse educational and engagement programme focused on various segments of the community. The target is for the nursery space to produce up to 100,000 IUCN Red List trees by 2030 with the majority being planted within Sime Darby Property townships to provide on-going supply of these tree species, transforming our landbank park spaces into a genetic store of these tropical rainforest species.

The current nursery has a capacity of 3,000-5,000 seedlings and trees of various size.

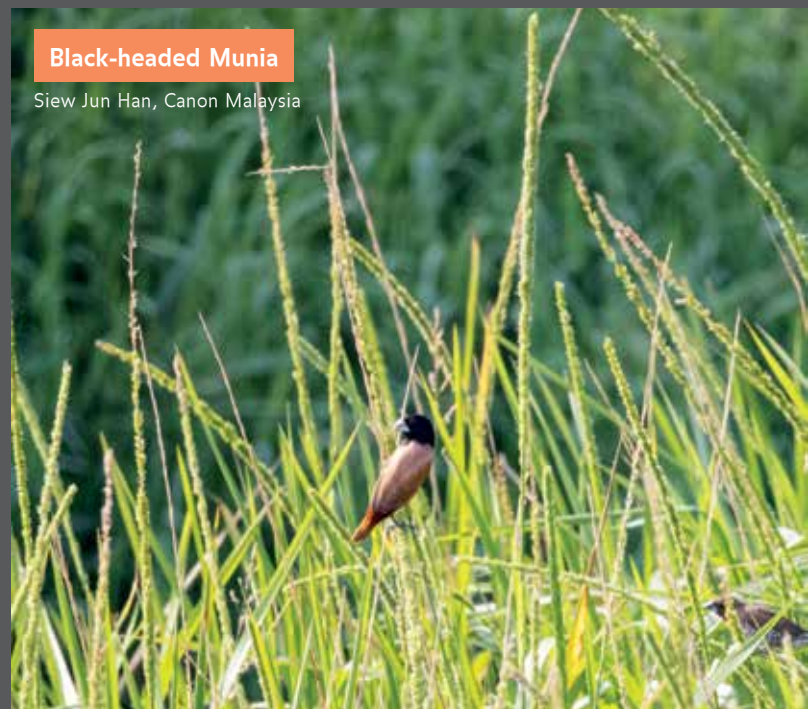
We continue to provide our online publication 'The Malaysian Threatened and Rare Tree Identification and Landscape Guideline', available to the public at www.simedarbyproperty.com/who-we-are/sustainability or on the ILAM, UPM, FRIM and Yayasan Sime Darby's websites. This tool was created to educate landscape architects and other interested stakeholders about IUCN Malaysian species and the environmental conditions required by these species to thrive.

BIRDLIFE EXAMPLES OBSERVED AT CITY OF ELMINA, SIME DARBY PROPERTY



Baya Weaver

Siew Jun Han, Canon Malaysia



Black-headed Munia

Siew Jun Han, Canon Malaysia

**Crested Serpent-eagle 2**

Siew Jun Han, Canon Malaysia

**Baya Weaver**

Siew Jun Han, Canon Malaysia

**Cream-vented Bulbul**

Siew Jun Han, Canon Malaysia

**Blue-throated Bee-eater**

Siew Jun Han, Canon Malaysia

Section 4: Planet (Optimising Environmental Performance)

BIODIVERSITY INVENTORIES (ELMINA & KL EAST)

While a majority of our landbank is not located near sensitive natural areas (SNAs), two township areas are located nearby such habitat areas: City of Elmina situated adjacent Subang Forest Reserve and KL East, which is situated nearby the Klang Gate Quartz Ridge. For KL East, a biodiversity inventory was undertaken in more detail than what is required for an Environmental Impact Assessment (EIA) in 2014-2015. Similarly, a biodiversity inventory was initiated in 2020 for City of Elmina, which is still in progress. Details of this present research work will be provided in due course once the inventory research is completed in 2021. The primary objectives of these inventories are to develop biodiversity baselines, identify any endangered flora or fauna species and to determine how our ecologically sensitive park developments may improve the level of biodiversity over time.

GREEN SPACE AND CARBON SEQUESTRATION THROUGH LANDSCAPE

Planting trees is one of the simplest and most effective ways to remove carbon dioxide from the atmosphere. If the world makes a concerted effort to reforest land, as much as 25 percent of the carbon in the atmosphere can be removed. At Sime Darby Property, we are doing our part by replanting tens of thousands of trees and calculating the carbon sequestered in the process.

We continue to enforce our Tree-to-Tree Replacement Policy, where at least one tree replaces a palm oil tree that is removed from our sites in an effort to return the land to a more biodiverse state and to create long-term carbon sinks. Land that was formerly used for monoculture agriculture (Palm Oil) is rehabilitated through such replanting.

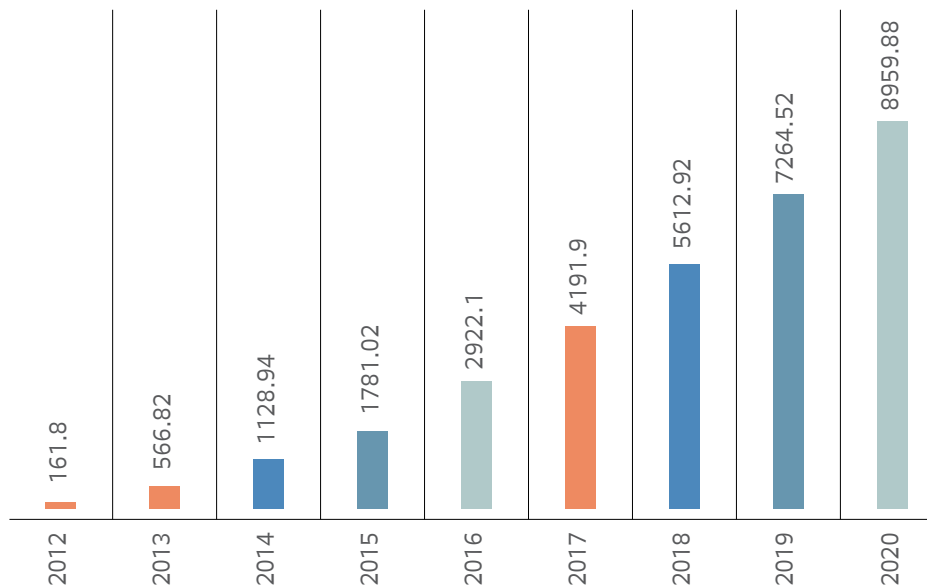
In 2020, the ratio of replaced trees against the total completed landscaping across our 21 township developments (noting 3 developments were in planning in 2020) was 0.7 (planted):1 (chopped) equivalent to 108,225 trees since tracking started in 2011. Only once townships are completed will all landscaping be completed, whereby the lagging indicator and target will be achieved.

To conserve endemic (native) biodiversity, the Group has since 2011 focused on planting IUCN Red List Malaysian species that are classified as endangered, rare or threatened. Increased focus on our biodiversity programme in 2020 resulted in:

1. A minimum requirement of 10 percent IUCN inclusion within all landscaping moving forward.
2. The establishment of a IUCN Tree nursery run by our specialist strategic partner TRCRC.
3. As at December 2020, 21,623 IUCN Red List trees were planted in our landscaping.
4. Carbon sequestration via all tree planting was calculated at 8,959.88 tonnes CO₂-e during the year under review, based on data in hand since 2011.

As we progress, we continue to maintain our average 12,000 (rounded up) trees planted annually.

Year	Additional Tree Planting	Cumulative CO ₂ Sequestered
2012	8,090	161.80
2013	12,161	566.82
2014	7,855	1,128.94
2015	14,498	1,781.02
2016	24,450	2,922.10
2017	6,436	4,191.90
2018	7,561	5,612.92
2019	11,529	7,264.52
2020	15,545	8,959.88

Cumulative CO₂ Sequestered**Assumptions:**

1. Each tree sequestered around 0.02 tCO₂-e per year on average.
2. The amount of carbon sequestered per tree increases year-on-year, considering the growth of the trees.
3. Every five (5) years, the formula assumes up to 10,000 trees removed by the local authorities after infrastructure and park handover.

Source:

1. Dexter B. Dombro, "How Much Carbon does a tropical trees sequester?", <http://www.truevaluemetrics.org/DBpdfs/Forests/Tree-Nation-Tropical-tree-sequestration-of-CO2>.
2. "How to calculate the amount of CO₂ sequestered in a tree per year?", https://www.unm.edu/~jbrink/365/Documents/Calculating_tree_carbon.pdf
3. "Tropical trees solution for climate change", Community Carbon Trees, <http://www.communitycarbontrees.org/climate-change-solutions>
4. "Carbon-sequestration In Sepang", Majlis Perbandaran Sepang, 2017, <http://smart.mpsepang.gov.my>
5. "Agroforestry Carbon Sequestration Rates", Green Earth Appeal, <https://greeneearthappeal.org/co2-verification/>

WETLAND CONSTRUCTION GUIDELINES

Wetlands are important strongholds of biodiversity and effective carbon sinks. The level of biodiversity in wetlands is akin to rainforests and coral reefs, and their role in sequestering a significant amount of the world's carbon makes them a necessary part of the climate solution. However, their close proximity to urban areas exposes them to the threat of development.

To issue guidance on best practices when developing our landbank townships, we engaged Wetlands International to create a Wetlands Construction and Maintenance Guideline. The 'Sime Darby Property Wetlands Construction and Maintenance Guideline' prescribes requirements for future township development, where relevant water bodies are constructed to follow natural design principles in order to provide conservation spaces for more balanced ecological or hydrological systems.

The guideline will be made accessible on the sustainability sub-pages of our corporate website.

Section 5: Prosperity

(Delivering Sustainable Development)



The Prosperity sphere relates to the economic impact, which covers financial value distribution in terms of salaries for employees, spending on suppliers, employment created, support for nation-building, and affordability for customers.

In support of Malaysia's Shared Prosperity Vision 2030 and the SDGs principle to "Leave No One Behind" in the development process, Sime Darby Property is committed to alleviating and elevating the segments of society that need our help as well as those with whom we have existing stakeholder relationships. As we grow as a company, we also hope that others will benefit from working with us.

AFFORDABILITY

AFFORDABLE HOMES

The Government's Home Ownership Campaign aims to make homeownership affordable for aspiring homeowners. In support of the national agenda, Sime Darby Property plans and builds affordable housing for the market with a focus on addressing the recurring challenges faced by residents of conventional affordable homes such as poor natural lighting and ventilation, lack of functionality in space planning and hot and uncomfortable living environments. We address these challenges through:

- a) Human-centric design approach that optimises energy-efficiency and provides individual and community-oriented activity spaces

- b) Environmentally-friendly and sustainable material selection with the appropriate green certification
- c) Modern Method of Construction (MMC) that deploys systems and methods such as Industrial Building System and Building Information Modelling (BIM)

Our future line-up of projects will adopt more sustainable design and technology that will improve the living quality of affordable homes, leveraging on economies of scale and incentive schemes by the Government.

CASE STUDY: D3 – AFFORDABLE SUSTAINABLE HOUSING

Within the affordable housing market, there exists numerous challenges relating to quality and liveability that plague residents, developers and industries. The challenges of poor ventilation and lighting and space planning mentioned above, combined with the inability to leverage economies of scale due to the lack of standardised designs; and insufficient IBS component supplies all contribute to a shortage of affordable and liveable housing options.

Divergent Dwelling Design (D3) is a potential solution for these challenges, offering an innovative design that improves the quality of indoor and outdoor living, with the flexibility to be adapted and reconfigured to suit the needs of its residents. D3 is also a much more efficient construction process that provides significant time, cost and waste-savings.

Sime Darby Property is driving the affordable homes segment forward with D3 innovative design, in collaboration with CREAM (research arm of CIDB). In 2020, our D3 prototype, RSKU 'Harmoni 1', Elmina West, recorded 79% take-up rate as of December 2020.



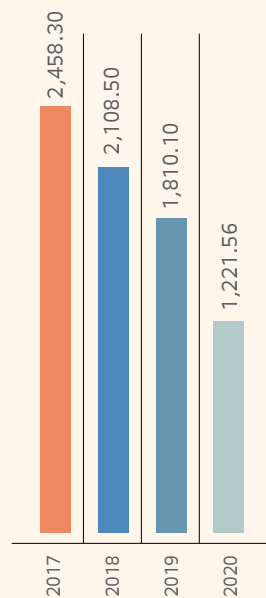
Seruling Apartment in Bandar Bukit Raja

ECONOMIC INJECTION

We take pride in being a significant contributor to the economy. Through our operations, we are able to support the value chain of our three core businesses, from our suppliers and vendors to our customers. Our principles and products are aligned to the development of the nation, especially in areas such as affordable housing and carbon sequestration.

Every year, our projects create new employment opportunities and distribute financial benefits in the form of salaries, Government taxes, payments to vendors, and contributions to ESG causes.

Yearly Procurement Spend
(RM mil)



Our total economic injection to our contractors and vendors in 2020 stood at RM1,221.56 million, a 32.5 percent reduction compared to the previous year. This can be attributed to weakened economic activity and delayed projects due to various forms of restrictions on activity during the pandemic.

Section 5: Prosperity (Delivering Sustainable Development)

KEEPING OUR SUPPLY CHAIN PARTNERS IN BUSINESS

The pandemic has created additional stress on small businesses to sustain themselves amidst restricted activities and weaker markets. Cashflow is an issue for many SMEs during this period as overall demand has slowed and their clients adopt austerity measures for the purpose of self-preservation. In such a climate, we believe that a helping hand is better for the entire ecosystem as we depend heavily on our partners, and they on us. This was also a time to strengthen the bonds and prove the resilience of our stakeholder relationships, not by turning away but by doing what we can together.

To reduce the economic burden faced by our supply chain partners, especially SMEs, we sped up our payment process, starting from verifying and approving to releasing payments. Our standard payment term is 30 days, which SMEs found difficult to sustain their business during the pandemic situation. The release of payments within 14 days helped to tide them over while the nation struggled to stay afloat collectively. Overall, economic injection (including to our vendors) equated to about RM1,221.56 million in 2020.

JOB CREATION

From our commercial developments, an estimated total of 2,471 jobs were created as of December 2020. The jobs were calculated by total built-up area from new commercial and industrial lots that were developed during the year against the area occupied.

Type	Total Built-up Area (sq.ft)	Estimated area occupied by personnel (sq.ft)	Jobs created (Total built-up/estimated area occupied)
Office	42,000	150	280
Shops	438,210	200	2,191
Total Estimated Jobs Created			2,471



Twin Factories at Elmina Business Park (artist impression)

TRUE COST OF BUSINESS

Conventional approaches to measuring ESG impact are inadequate and may not provide an accurate account of the impact on business in financial terms. Investors are also expecting businesses to factor in costs of natural capital and various resource inputs to drive ESG performance. In 2020, for the first time, the Group looked into its accounts to determine the direct costs of implementing ESG strategies for the financial year under review.

While the current methodology is based on a simple cost-based approach, over the next two years, the Group is developing a more scientific configuration to arrive at business and stakeholder Return on Investment (ROI) against ESG investments.

Throughout the year, the Group made donations and sponsorships to various social and environmental programmes and initiatives detailed in the preceding chapters. In 2020, that included a special allocation to the fight against COVID-19.

The Group's spending on the performance in People, Planet and Prosperity demonstrates its commitment to holistic value creation, where investments are made not only into business priorities but also ESG priorities. These contributions deliver ESG value to stakeholders, ranging across a wide scope of causes supported. Included in the total contributions are also those made for legal compliance purposes as well as CSR components.

Estimated ESG Investment 2020

Element	Environment	Social	Governance
SCOPE	EIA, EMP (env audit monitoring), Landscaping (in-phase & public), Erosion & Sediment Control, Flood Management, IWSS/ Water Reticulation, Road Safety/Energy Efficiency Infra, Waste Disposal, Product Solar PV, Rainwater Harvesting, Green Certification, CDP, IBS, Residential Product Insulation, Water Saving Fittings	Quality, Environment, Safety & Health, CSR, Community Investment & Partnership, Commercial-related Donations. Employee Training & Development, Statutory Housing, Yayasan Sime Darby contribution	External audit for Eco-Eff & LTI Data, Disclosure, 3rd Party Sustainability Advisory Advices
TOTAL COST (RM)	189,256,203.59	70,398,486.80	543,320.00
OVERALL TOTAL (RM)	260,203,010.39		

Note:

Certain cost are estimation and based on assumption

SUSTAINABILITY SUKUK FRAMEWORK

As our ESG contributions demonstrate, sustainability requires significant investment, beyond the usual modest charity donations. Sustainability needs strategic investments and dedicated funding to achieve real change. In view of the financing needs of our future developments and Sime Darby Property's 2030 Sustainability Goals, the Group launched the SRI Sustainability Sukuk Musharakah programme in 2020 with the objective to raise funds for existing and future projects that are aligned with our goals.

The Sustainability Sukuk Framework that governs the programme complies with local and regional sukuk guidelines and standards and was rated Gold by Malaysian Rating Corporation Berhad (MARC).

The SRI Sustainability Sukuk Musharakah programme is an Islamic bond structured to generate returns which is compliant with Islamic finance and with the principles of our Sustainability Sukuk Framework.

The financed projects can fall under five (5) broad categories;

- Pollution Prevention and Control
- Terrestrial and Aquatic Biodiversity Conservation
- Energy Efficiency and Climate Action
- Affordable Housing
- Socioeconomic Advancement and Empowerment

We look forward to mobilising capital from this fundraising exercise to build more sustainable communities.

The impact summary from the first tranche for the SRI Sustainability Sukuk Musharakah is provided below. The first tranche of Sustainability Sukuk Musharakah was issued in December 2020 (RM150 million with a tenor of 5 years), to finance 5 Eligible Assets. Impact summary of the Eligible Assets is provided below.

Section 5: Prosperity (Delivering Sustainable Development)

2020 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	SDP Goal 6	3-Dec-20	100,000,000.00	
2	Affordable Housing Phase 17B (Serunai)	Bandar Bukit Raja (BBR)	SDP Goal 6	3-Dec-20	46,700,000.00	
3	Elmina Rainforest Knowledge Centre	City of Elmina (COE)	SDP Goal 7, 15, 16	3-Dec-20	1,800,000.00	
4	UNICEF Inclusive Playground (Central Park)	City of Elmina (COE)	SDP Goal 8, 10	3-Dec-20	700,000.00	
5	Elmina Living Collection Nursery (ELCN) to grow IUCN Red List Trees at Central Park	City of Elmina (COE)	SDP Goal 15, 16	3-Dec-20	800,000.00	
Total Eligible Assets Added to Portfolio					150,000,000.00	

	Type of Utilisation (New Project/ Refinancing)	Purpose of Eligible Assets/ Projects	Status of Eligible Assets/Projects	Sustainability Impact
	Refinancing	Affordable Housing	Completed	<ul style="list-style-type: none"> 302 Double Storey Link House (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	<ul style="list-style-type: none"> Total 570 strata units completed. 120 units of 900 sqft (Type C2) and 450 units of 1,000 sqft (Type D), both types with 3 bedrooms. 2,280 residents/570 families (assuming 4 residents per unit) estimated to benefit, after handover scheduled in Jan/Feb 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	<ul style="list-style-type: none"> Up to 5,000 people/children and up to 8 schools estimated to be engaged in rainforest programmes in 2021.
	Refinancing	Socio-economic Advancement and Empowerment	Completed	<ul style="list-style-type: none"> 13 inclusive playground features to benefit children with and without disabilities to play together as equals. An open-source UNICEF/SDP Inclusive Playground Toolkit/guideline in development. Potential for key inclusive playground design principles to be replicated into future playgrounds built by SDP and other property developers.
	Refinancing	Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency; Climate Action	Completed	<ul style="list-style-type: none"> 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. Total of 5,000 trees is expected to be planted at ELCN by August 2021. Up to 5 nursery trainees to be hired from the local community. Up to a minimum of 30,000 IUCN Red List trees to be supplied across SDP Townships and for other biodiversity conservation purposes by 2030.

Section 5: Prosperity (Delivering Sustainable Development)

STANDARDISED MINIMUM SUSTAINABILITY ELEMENTS FOR CUSTOMERS

The Group recognises that the institutionalisation of a standard is important for its widespread adoption. In property sector, benchmarks, guidelines, and requirements serve to effectively ensure a minimum level of product standards. This applies to sustainability aspects as well, as we look to build sustainable communities through green homes.

In 2020, the Group took its first step to standardise sustainability elements in its products for the benefit of customers. The Product Sustainability Standard Minimum Element Guidelines & Checklists was developed and rolled out for landed, high-rise and infrastructure/landscape product categories. Its objective is to integrate Sime Darby Property's 2030 Sustainability Goals into all products.

The guidelines cover three main areas: Building Materials, Eco-Efficiency (energy, water and waste) and Wellness & Safety.

These new guidelines complement the following list of earlier guidelines:

- ☒ Built-Form Guideline
- ☒ Urban Design Guideline (UDG)
- ☒ Standard Design and Specification Guidelines (SSG)
- ☒ Crime Prevention Through Environmental Design (CPTED)



City of Elmina GreenRE Township Certification

We strive to satisfy the requirements for accreditation in an effort to ensure our product quality meets market standards. Taking our vision to be a Leader in Building Sustainable Communities seriously, we seek to attain Green Renewable Energy (GreenRE) township certification for City of Elmina (CoE), which is our landmark sustainable township that has begun to show positive results. The GreenRE accreditation will validate the township's positive and beneficial green credentials with recognition from an external body. Our target is to achieve a Gold rating or higher for CoE, with the objective to:

- Provide assurance to future customers that CoE is indeed a leading sustainable green community development and bolster investment confidence in the 'Wellness and Liveability' category
- Ensure that the facilities and spaces provided meet current lifestyle needs
- Promote the protection of the environment and preserve biodiversity
- Improve the connectivity of internal and external communities
- Develop and integrate innovative solutions for the present and future

This certification will increase the brand value of CoE as the largest township certified by the GreenRE Township Tool, TS version 1.0, a comprehensive process spanning the entire time frame for site verification assessment (SVA), which is scheduled to conclude in 2042.

CASE STUDY: PV SOLAR IN RESIDENTIAL PRODUCTS – ILHAM

Making a foray into smart green homes, our “Smart Green Homes” in Phase F4 (Ilham Residence 1) at Elmina Grove, City Of Elmina are equipped with PV solar panels in all units. The collaboration with TNBX Sdn Bhd to commercialise green home solutions is the first step in the exploration of smart green home solutions such as fibre-to-the-home broadband, home energy management systems and LED street lighting. This project also supports our goal to reduce carbon emissions and increase the use of renewables by 2030.

The Memorandum of Understanding (MoU) between *TNBX Sdn Bhd and Sime Darby Elmina Development Sdn Bhd for the “Smart Green Homes” was executed on 3 September 2019 in conjunction with ASIAN Utility Week held in MITEC, Kuala Lumpur.

In 2020, 513 homes were installed with solar panels that provide 2kW PV and net metering per house. The second phase of our Smart Green Homes aims to do the same for 1,800 homes.

* TNBX Sdn. Bhd. is a subsidiary of Tenaga Nasional Berhad (TNB) under the Retail division to provide non-regulated ‘beyond the meter’ solution to TNB’s customers including the Smart Green Homes concept.

DATA AND CYBER SECURITY

Digital technology underlies many of our business processes and activities, but especially in the age of IR 4.0, our systems are more interconnected than ever. These technologies provide the infrastructure to process data and complete many functions within the organisation safely and securely. This gives rise to unprecedented opportunities, but also risks.

As digitalisation and automation become ever more ubiquitous and digital technologies mature, so do cyber security threats and the need for us to evolve our capabilities in Information Technology (IT) security. We do this by continually updating our IT infrastructure and processes and building awareness and capacity within the organisation.

In 2020, we continued to maintain the same level of vigilance towards our standard IT security standards, which includes the protection of our customers’ data and privacy.

State of Cyber Security Resilience



How We Do It

Annual security posture assesment for data, security, infrastructure & systems	Cybersecurity maturity assesment in 2020 by Ernst & Young Malaysia	Continuous awareness and e-learning	Continuous 24x7 cyber security operations centre monitoring solution
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Our drive for increased cyber security resulted in a record of zero violations in 2020 and the Group works to maintain the same level of protection against internal and external threats through continuous monitoring.

Reports and Financial Statements

Statement of Responsibility by The Board of Directors

In Respect of the Audited Financial Statements for
the Financial Year Ended 31 December 2020

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 2020, as presented on pages 294 to 401, 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 and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 25 March 2021.

BOARD APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements for the financial year ended 31 December 2020 are set out in pages 294 to 401. The preparation thereof was supervised by the Group Chief Financial Officer and approved by the Board of Directors on 25 March 2021.

279	Statement of Responsibility by the Board of Directors
280	Directors' Report
285	Statement by Directors
285	Statutory Declaration
286	Independent Auditors' Report

FINANCIAL STATEMENTS

294	Statements of Profit or Loss
295	Statements of Comprehensive Income
296	Statements of Financial Position
298	Statements of Changes in Equity
300	Statements of Cash Flows
303	Notes to the Financial Statements

Directors' Report

For the financial year ended 31 December 2020

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 2020.

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 43.

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 2020 are as follows:

	Group RM thousand	Company RM thousand
Loss before taxation	(444,710)	(33,027)
Taxation	(70,973)	(4,782)
Loss for the financial year	(515,683)	(37,809)
Loss for the financial year attributable to:		
– owners of the Company	(478,802)	(37,809)
– non-controlling interests	(36,881)	–
Loss for the financial year	(515,683)	(37,809)

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were adversely impacted by the COVID-19 pandemic, which have led to the implementation of various phases of Movement Control Order by the Malaysian government since 18 March 2020. Similar measures including lockdowns and social distancing were also implemented by governments in other countries where the Group operates. These measures to contain the spread of the COVID-19 pandemic has an adverse impact on rental income, sales of properties and progress at site. In view of the challenges presented by the COVID-19 pandemic, the Group has resolved to take firm measures which included repricing of unsold completed inventories, reviewing the projects in its pipeline launches and consequently reassessing their recoverability. The resultant impact arising from the impairment reviews/write-down undertaken are as disclosed in the notes to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid the following dividends:

	RM thousand
a. 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
b. 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
	204,025

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2020.

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:

Tan Sri Dr. Zeti Akhtar Aziz (Chairman)	
Dato' Azmir Merican Azmi Merican (Group Managing Director)	(Appointed on 22 April 2020)
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	
Rizal Rickman Ramli	
Dato' Soam Heng Choon	(Appointed on 1 July 2020)
Mohamed Ridza Mohamed Abdulla	(Appointed on 1 July 2020)
Dato' Johan Ariffin	(Retired on 26 June 2020)
Datuk Dr. Mohd Daud Bakar	(Resigned on 1 July 2020)
Datuk Poh Pai Kong	(Demised on 30 August 2020)

By way of relief order dated 11 January 2021, 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 2020 and the said information is deemed incorporated herein by such reference and shall form part hereof.

Directors' Report

For the financial year ended 31 December 2020

DIRECTORS (CONTINUED)

In accordance to Rule 111 of the Company's Constitution, Tan Sri Dr. Zeti Akhtar Aziz and Dato' Seri Ahmad Johan Mohammad Raslan are due to retire by rotation at the forthcoming Annual General Meeting ("AGM"). Dato' Seri Ahmad Johan Mohammad Raslan, being eligible, has offered himself for re-election at the AGM. Tan Sri Dr. Zeti Akhtar Aziz has expressed her intention not to seek re-election at the AGM. Hence, she will retain office until the close of the AGM.

In accordance to Rule 92.3 of the Company's Constitution, Dato' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla who were appointed since the date of the last AGM retire at the forthcoming AGM and, being eligible, have offered themselves for re-election.

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 39 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 RM133,220.

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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

- 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.

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.

Directors' Report

For the financial year ended 31 December 2020

AUDITORS

The audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 31 December 2020 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 2021.

Tan Sri Dr. Zeti Akhtar Aziz
Chairman

Dato' Azmir Merican Azmi Merican
Group Managing Director

Petaling Jaya
25 March 2021

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dr. Zeti Akhtar Aziz 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 294 to 401 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 2020 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 2021.

Tan Sri Dr. Zeti Akhtar Aziz
Chairman

Petaling Jaya

Dato' Azmir Merican Azmi Merican
Group Managing Director

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 294 to 401 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Betty Lau Sui Hing
(MIA No. 8511)
Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Betty Lau Sui Hing, at Petaling Jaya in the state of Selangor Darul Ehsan on 25 March 2021.

Before me:

Shahrudin bin Esa
(No. B520)
COMMISSIONER FOR OATHS



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
Registration No.197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the financial statements of Sime Darby Property Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, 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 2020 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 294 to 401.

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.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Revenue and cost recognition – property development activities</p> <p>The Group and the Company recognise revenue and costs relating to the property development activities using the stage of completion method.</p> <p>The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants.</p> <p>The Group and the Company recognised revenue of RM1,498.9 million and RM36.2 million respectively and costs of RM1,151.0 million and RM22.7 million respectively from property development activities recognised over time for the financial year ended 31 December 2020.</p> <p>Revenue and cost recognised on property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following:</p> <ul style="list-style-type: none"> • Stage of completion; • Extent of property development costs incurred to date; and • Estimated total property development costs. <p>Refer to Notes 4(A), 6 and 7 to the financial statements.</p>	<p>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.</p> <p>We checked the stage of completion of property development projects, on a sample basis, to certifications from professional consultants.</p> <p>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.</p> <p>We agreed, on a sample basis, costs incurred to supporting documentation such as contractor claim certificates and invoices from vendors.</p> <p>We checked the reasonableness of the estimated total property development costs of major projects, allocation of 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.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p>



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
Registration No.197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
<p>Recoverability of properties under development and completed properties held for sale</p> <p>The Group and the Company have RM5,773.4 million and RM1,174.5 million of properties under development respectively, as well as RM576.7 million and RM11.7 million of completed properties held for sale respectively as at the reporting date.</p> <p>The carrying amounts of the properties under development and completed properties held for sale have been classified as inventories in the financial statements of the Group and of the Company.</p> <p>The recoverability of properties under development and completed properties held for sale are assessed based on estimation of the net realisable value ("NRV") of the underlying properties. This involves considerable analyses of estimated costs to completion, committed contracts and expected future selling price based on prevailing market conditions such as current market prices of comparable standards and locations.</p> <p>We focused on the recoverability of the carrying amount of inventories because of the estimates made by management in determining the net realisable values of inventories. Based on management's assessment, the Group and the Company recognised a write-down of RM131.3 million and RM7.1 million respectively and a write-off of RM73.1 million and RM3.0 million respectively in respect of inventories during the financial year.</p> <p>Refer to Notes 4(B), 7 and 26 to the financial statements.</p>	<p>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.</p> <p>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 adjusted for the size of the units.</p> <p>We discussed with management on the basis used to write-down inventories at period end to its NRV.</p> <p>For those unsold development units and properties under development that have been written down, the basis used by management to determine NRV was to consider the Group's latest sales plan and campaign and expected costs to complete the sale to be incurred. On a sampling basis, we assessed the reasonableness of the assumptions used in calculation of the NRV.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p>



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
<p>Taxation matters</p> <p>The Group and the Company are subject to periodic challenges by tax authorities on a range of tax matters during the normal course of business, including transfer pricing, direct and indirect taxes, and transaction related tax matters.</p> <p>As at 31 December 2020, the Group has current taxes recoverable and payable of RM32.2 million and RM59.3 million respectively, as well as deferred tax assets and liabilities of RM592.2 million and RM172.6 million respectively. At the Company level, the related deferred tax assets and tax recoverable amounted to RM29.7 million and RM1.6 million respectively.</p> <p>Evaluation of the outcome of the tax uncertainty, and whether the risk of loss is remote, possible or probable, requires significant judgements given the complexities involved. As such, the Group and the Company have engaged external specialists, where necessary, to advise management on its tax position and including objections to the amended assessments.</p> <p>We focused on the judgements made by management in assessing the quantification and likelihood of potentially material exposures and therefore the level of provision required. In particular, we focused on the impact of changes in tax regulations and ongoing assessments and audits by tax authorities, which could materially impact the amounts recorded in the Group's and in the Company's financial statements.</p> <p>Refer to Notes 4(D), 4(E), 16 and 24 to the financial statements.</p>	<p>We evaluated the related accounting policy for provisioning for tax exposure and found it to be appropriate.</p> <p>We gained an understanding of the current status of tax assessments and audits as well as developments in ongoing disputes.</p> <p>We read recent rulings and correspondence with tax authorities, as well as external advice received by the Group where relevant, to satisfy ourselves that the tax provisions had been appropriately recorded or adjusted to reflect the latest regulatory developments.</p> <p>We assessed management's key assumptions, in particular on cases where there had been significant developments with tax authorities.</p> <p>We have obtained and evaluated responses to our audit inquiry from the Group's tax advisors in relation to existing or potential tax proceedings and assessing the Group's position in relation to specific matters disputed.</p> <p>We assessed the appropriateness of the related disclosures in Notes 16 and 24 of the financial statements, and considered these reasonable.</p> <p>Based on the above procedures performed, we believe that the position taken by the Group is appropriate.</p>



Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
Registration No.197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
<p>Provision for onerous commitment</p> <p>The Group recorded a provision of RM152.4 million relating to a single onerous commitment on a property previously disposed.</p> <p>The onerous commitment is assessed by management to determine whether an onerous provision is required.</p> <p>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.</p> <p>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.</p> <p>We focused on valuation and completeness of the onerous commitment provision by assessing the judgements used in arriving at the level of provision made.</p> <p>Refer to Notes 4(F) and 35 to the financial statements.</p>	<p>We assessed the appropriateness of the projections by taking into consideration the expected property disposal value, 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.</p> <p>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, expected disposal value, commitment period and the net lettable area.</p> <p>We assessed the appropriateness of the discount rate used through comparison to appropriate external benchmarks (i.e. published interest rates).</p> <p>We assessed the appropriateness of the related disclosures in Note 35 of the financial statements.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p>



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessments of non-financial assets with impairment indicators</p> <p>Management performed impairment assessments of the non-financial assets of the Group and of the Company, which had impairment indicators. As a result, the following impairment losses were recognised during the financial year ended 31 December 2020:</p> <ul style="list-style-type: none"> • Impairment totalling RM28.0 million in relation to property, plant and equipment and investment properties at the group level. • Impairment totalling RM12.2 million in relation to Sime Darby Property Berhad's investment in subsidiaries. <p>We focused on this area as the recoverable amounts of the non-financial assets are determined based on discounted cash flows projections as well as valuations carried out by independent professional valuers, in which the computation of the recoverable amount involves judgements and estimates.</p> <p>Refer to Notes 4(G), 4(H), 11, 19, 20 and 21 to the financial statements.</p>	<p>We evaluated the reliability of management's cash flows projections through the review of past trends of actual financial performances against previous forecasted cash flows.</p> <p>We assessed the reasonableness of the key assumptions, which were used by management in developing the discounted cash flows projections, by comparing historical data and industry trends.</p> <p>We evaluated the independent professional valuer's competence, capabilities and objectivity.</p> <p>We assessed the methodologies used by the professional valuer in estimating the fair value of the subjects under valuation.</p> <p>We assessed the adequacy and reasonableness of the disclosures in the financial statements.</p> <p>Based on the above procedures performed, we noted no significant exceptions.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the Statement on Risk Management and Internal Control, Risk Management Committee Report and Directors' Report, which we obtained prior to the date of this auditors' report, and Chairman's Statement, Group Managing Director's Review, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report, Sustainability Report and other sections of the 2020 Annual Report, which is 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.



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 (CONTINUED)

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.



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 REQUIREMENT

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 43 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

Kuala Lumpur
25 March 2021

Nurul A'in Binti Abdul Latif
02910/02/2023 J
Chartered Accountant

Statements of Profit or Loss

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2020	2019	2020	2019
Revenue	6	2,062,781	3,179,994	293,245	1,001,627
Cost of sales	7	(1,771,093)	(2,387,730)	(81,715)	(220,753)
Gross profit		291,688	792,264	211,530	780,874
Other operating income	8	15,806	9,700	1,671	1,514
Selling and marketing expenses	9	(74,060)	(119,763)	(6,209)	(5,181)
Administrative and other expenses	9	(233,962)	(241,647)	(185,743)	(191,279)
Operating (loss)/profit		(528)	440,554	21,249	585,928
Other (losses)/gains	11	(88,022)	156,633	(75,843)	(93,599)
Share of results of joint ventures	12	(420,030)	(29,901)	–	–
Share of results of associates	13	(1,300)	53	–	–
(Loss)/Profit before interest and taxation		(509,880)	567,339	(54,594)	492,329
Finance income	14	109,944	121,242	40,863	96,296
Finance costs	15	(44,774)	(22,911)	(19,296)	(28,266)
(Loss)/Profit before taxation		(444,710)	665,670	(33,027)	560,359
Taxation	16	(70,973)	(74,789)	(4,782)	(5,662)
(Loss)/Profit for the financial year		(515,683)	590,881	(37,809)	554,697
(Loss)/Profit for the financial year attributable to:					
– owners of the Company		(478,802)	598,531	(37,809)	554,697
– non-controlling interests		(36,881)	(7,650)	–	–
		(515,683)	590,881	(37,809)	554,697
Basic (loss)/earnings per share attributable to owners of the Company (Sen)	17	(7.0)	8.8		

The notes on pages 303 to 401 form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2020	2019	2020	2019
(Loss)/Profit for the financial year		(515,683)	590,881	(37,809)	554,697
Other comprehensive income/(loss)					
<u>Items which will subsequently be reclassified to profit or loss (net of tax):</u>					
Currency translation differences		45,569	49,513	-	-
Net changes in fair value of investments	22	(2,298)	(420)	(2,298)	(420)
Share of other comprehensive income/(loss) of associates	13	1,074	(351)	-	-
		44,345	48,742	(2,298)	(420)
<u>Reclassified to profit or loss</u>					
Currency translation differences on repayment of net investments	11	6,642	-	-	-
Total other comprehensive income/(loss) for the financial year		50,987	48,742	(2,298)	(420)
Total comprehensive (loss)/income for the financial year		(464,696)	639,623	(40,107)	554,277
Total comprehensive (loss)/income for the financial year attributable to:					
- owners of the Company		(426,301)	648,208	(40,107)	554,277
- non-controlling interests		(38,395)	(8,585)	-	-
		(464,696)	639,623	(40,107)	554,277

The notes on pages 303 to 401 form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2020

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2020	2019	2020	2019
NON-CURRENT ASSETS					
Property, plant and equipment	19	626,178	636,284	27,212	14,450
Investment properties	20	709,030	745,785	–	–
Subsidiaries	21	–	–	6,768,048	6,762,433
Inventories	26	4,474,282	4,542,929	1,052,552	1,094,867
Joint ventures	12	2,480,258	2,805,001	–	–
Associates	13	139,142	139,137	46,448	45,017
Investments	22	56,276	58,788	56,276	58,788
Intangible assets	23	5,721	4,143	4,628	3,865
Deferred tax assets	24	592,235	579,376	29,708	22,677
Receivables	25	80,790	50,790	1,965,553	1,289,342
Contract assets	27	1,255,602	1,318,352	–	–
		10,419,514	10,880,585	9,950,425	9,291,439
CURRENT ASSETS					
Inventories	26	1,877,269	1,989,843	133,711	96,082
Receivables	25	622,660	628,711	170,311	339,894
Contract assets	27	1,123,772	1,198,933	33,257	101,215
Prepayments		7,794	17,549	4,164	1,833
Tax recoverable		32,203	23,334	1,585	–
Cash held under Housing Development Accounts	28	345,486	456,706	47,324	90,294
Bank balances, deposits and cash	29	456,351	286,632	191,945	99,308
		4,465,535	4,601,708	582,297	728,626
TOTAL ASSETS		14,885,049	15,482,293	10,532,722	10,020,065

	Note	Group		Company	
		2020	2019	2020	2019
EQUITY					
Share capital	30	6,800,839	6,800,839	6,800,839	6,800,839
Fair value reserve		35,151	36,375	18,693	20,991
Exchange reserve		42,046	(11,679)	–	–
Retained profits		2,225,657	2,896,175	2,168,292	2,410,126
ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Non-controlling interests	31	9,103,693	9,721,710	8,987,824	9,231,956
		185,763	228,296	–	–
TOTAL EQUITY		9,289,456	9,950,006	8,987,824	9,231,956
NON-CURRENT LIABILITIES					
Payables	32	79,184	81,375	–	–
Borrowings	33	3,033,927	2,408,140	1,229,996	497,092
Lease liabilities	34	66,057	74,042	15,679	–
Provisions	35	131,188	99,332	–	–
Contract liabilities	27	244,937	251,623	–	–
Deferred tax liabilities	24	172,562	163,713	–	–
		3,727,855	3,078,225	1,245,675	497,092
CURRENT LIABILITIES					
Payables	32	1,248,094	1,304,027	162,524	251,614
Borrowings	33	292,542	796,147	69,462	1,272
Lease liabilities	34	16,880	17,670	7,426	9,725
Provisions	35	116,681	76,569	–	–
Contract liabilities	27	134,241	100,902	59,811	16,989
Tax provision		59,300	158,747	–	11,417
		1,867,738	2,454,062	299,223	291,017
TOTAL LIABILITIES		5,595,593	5,532,287	1,544,898	788,109
TOTAL EQUITY AND LIABILITIES		14,885,049	15,482,293	10,532,722	10,020,065

The notes on pages 303 to 401 form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2020

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
2020								
At 1 January 2020		6,800,839	36,375	(11,679)	2,896,175	9,721,710	228,296	9,950,006
Loss for the financial year		-	-	-	(478,802)	(478,802)	(36,881)	(515,683)
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	(478,802)	(426,301)	(38,395)	(464,696)
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 interests	36	-	-	-	(3,100)	(3,100)	262	(2,838)
At 31 December 2020		6,800,839	35,151	42,046	2,225,657	9,103,693	185,763	9,289,456
2019								
At 1 January 2019		6,800,839	38,063	(63,044)	2,433,661	9,209,519	236,881	9,446,400
Profit/(Loss) for the financial year		-	-	-	598,531	598,531	(7,650)	590,881
Other comprehensive (loss)/income for the financial year		-	(1,688)	51,365	-	49,677	(935)	48,742
Total comprehensive (loss)/income for the financial year		-	(1,688)	51,365	598,531	648,208	(8,585)	639,623
Transactions with owners:								
- dividend paid	18	-	-	-	(136,017)	(136,017)	-	(136,017)
At 31 December 2019		6,800,839	36,375	(11,679)	2,896,175	9,721,710	228,296	9,950,006

Company	Note	Share capital	Fair value reserve	Retained profits	Total equity
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
2019					
At 1 January 2019		6,800,839	21,411	1,991,446	8,813,696
Profit for the financial year		-	-	554,697	554,697
Other comprehensive loss for the financial year		-	(420)	-	(420)
Total comprehensive (loss)/income for the financial year		-	(420)	554,697	554,277
Transactions with owners:					
– dividend paid	18	-	-	(136,017)	(136,017)
At 31 December 2019		6,800,839	20,991	2,410,126	9,231,956

The notes on pages 303 to 401 form an integral part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit for the financial year		(515,683)	590,881	(37,809)	554,697
Adjustments for:					
Share of results of:					
– joint ventures		420,030	29,901	–	–
– associates		1,300	(53)	–	–
Amortisation of intangible assets		1,652	1,558	1,501	1,477
Depreciation of:					
– property, plant and equipment		34,714	35,288	10,946	10,959
– investment properties		25,731	16,279	–	–
Impairment losses on:					
– property, plant and equipment		5,965	–	–	–
– investment properties		22,034	9,811	–	–
Net write-down of inventories		131,293	43,318	7,111	–
Write-off of:					
– property, plant and equipment		237	109	57	–
– inventories		73,111	9,723	3,021	–
– receivables		417	–	–	–
Gain on disposal of property, plant and equipment		(15)	(246,232)	–	(2)
Changes in fair value of quoted investments		214	31	214	31
Provisions		73,735	89,557	–	–
Other items [note (a)]		17,166	20,014	77,354	93,973
Finance income		(109,944)	(121,242)	(40,863)	(96,296)
Finance costs		44,774	22,911	19,296	28,266
Taxation		70,973	74,789	4,782	5,662
Unrealised foreign currency exchange loss/(gain)		2,054	(983)	–	–
		299,758	575,660	45,610	598,767
Changes in working capital:					
– inventories		73,983	320,518	(5,446)	(58,552)
– trade and other receivables		3,533	68,672	(28,055)	4,230
– contract assets and contract liabilities		262,718	(336,196)	110,780	(8,158)
– trade and other payables		(65,503)	9,543	(4,234)	8,584
Cash generated from operations		574,489	638,197	118,655	544,871

	Note	Group		Company	
		2020	2019	2020	2019
Cash generated from operations		574,489	638,197	118,655	544,871
Tax paid		(167,828)	(233,407)	(24,815)	(51,154)
Dividends received from joint ventures and associates		3,595	9,759	–	–
Net cash from operating activities		410,256	414,549	93,840	493,717
CASH FLOWS FROM INVESTING ACTIVITIES					
Finance income received		10,509	16,085	40,043	95,524
Proceeds from sale of property, plant and equipment		17	333,971	2	2
Purchase of:					
– property, plant and equipment		(17,008)	(11,712)	(633)	(3,055)
– investment properties		(14,206)	(75,269)	–	–
– intangible assets		(3,230)	(2,247)	(2,264)	(2,238)
Advances to joint ventures and associates		(37,031)	(4,244)	(32,031)	(744)
(Advances to)/Repayment from subsidiaries		–	–	(507,987)	183,365
Subscription of shares in subsidiaries		–	–	(33,734)	(436,546)
Proceeds from capital reduction by a subsidiary		–	–	8,152	32,498
Subscription of shares in joint ventures		(45,865)	(187,212)	–	–
Proceed from liquidation of an associate		950	–	950	–
Net cash (used in)/from investing activities		(105,864)	69,372	(527,502)	(131,194)
CASH FLOW FROM FINANCING ACTIVITIES					
Finance costs paid		(145,662)	(172,117)	(18,202)	(31,162)
Borrowings raised	33	872,704	717,498	800,000	–
Repayments of borrowings	33	(188,299)	(404,590)	–	–
Revolving credits (net)	33	(560,000)	(380,000)	–	(94,500)
Repayments of lease liabilities	34	(15,853)	(14,164)	(9,588)	(9,328)
Net repayments to subsidiaries	32	–	–	(84,856)	(110,494)
Dividends paid on ordinary shares		(204,025)	(136,017)	(204,025)	(136,017)
Dividends paid to non-controlling interests		(4,400)	–	–	–
Acquisition of non-controlling interests		(2,838)	–	–	–
Net cash (used in)/from financing activities		(248,373)	(389,390)	483,329	(381,501)

Statements of Cash Flows

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2020	2019	2020	2019
Net increase/(decrease) in cash and cash equivalents		56,019	94,531	49,667	(18,978)
Foreign exchange differences		2,480	(283)	-	-
Cash and cash equivalents at the beginning of the financial year		743,338	649,090	189,602	208,580
Cash and cash equivalents at the end of the financial year [note (b)]		801,837	743,338	239,269	189,602
a. Other items:					
Net impairment losses on:					
- investment in subsidiaries		-	-	12,163	28,102
- investment in joint venture		-	-	-	28,910
- investment in associates		-	-	-	120
- trade and other receivables		12,837	9,381	1,611	409
- amounts due from subsidiaries		-	-	65,455	926
- amounts due from a joint venture		(1,296)	14,921	-	37,210
Foreign currency exchange loss transferred from equity		6,642	-	-	-
Surplus on liquidation of an associate		(950)	-	(350)	-
Others		(67)	(4,288)	(1,525)	(1,704)
		17,166	20,014	77,354	93,973
b. Cash and cash equivalents at the end of the financial year:					
Cash held under Housing Development Accounts	28	345,486	456,706	47,324	90,294
Bank balances, deposits and cash	29	456,351	286,632	191,945	99,308
		801,837	743,338	239,269	189,602

The notes on pages 303 to 401 form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 43.

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.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

A. ACCOUNTING PRONOUNCEMENTS THAT ARE ADOPTED DURING THE FINANCIAL YEAR

i. Amendments that are effective and adopted during the financial year

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to References to the Conceptual Framework in MFRS Standards	

The adoption of the above did not result in any significant changes to the Group's and to the Company's results and financial position.

ii. Amendment that is early adopted during the financial year

Amendment to MFRS 16	COVID-19 – Related Rent Concessions
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The Group and the Company have early adopted the Amendment to MFRS 16 and elected to apply the practical expedient to all COVID-19 related rent concession as a variable lease payment. The impact of rent concession is presented within selling, marketing, administrative and other expenses in Note 9.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

2 BASIS OF PREPARATION (CONTINUED)

B. ACCOUNTING PRONOUNCEMENTS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

- i. New standard and amendments that are effective on or after 1 January 2021, 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	Insurance Contracts
Amendments to MFRS 9	Fees in the "10 percent" Test for Derecognition of Financial Liabilities
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2

- ii. Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed good

In March 2019, IFRS Interpretations Committee ("IFRIC") published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board ("MASB") decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group and the Company will apply the change in accounting policy pursuant to the IFRIC Agenda Decision on borrowing costs incurred on property under construction where control is transferred over time from 1 January 2021.

The impact of the adoption on financial year ended 31 December 2020 is shown in Note 44(B).

- iii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

3 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF CONSOLIDATION (CONTINUED)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	2% to 5%, or over the lease term if shorter

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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.

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. Non-financial assets

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 macroeconomic 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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.

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, being when the properties have been delivered to the customers 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

Borrowing costs incurred on qualifying assets under construction are capitalised to the carrying value of the asset and capitalisation ceases when the assets are substantially ready for their intended use or sale.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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)

A. REVENUE AND COST RECOGNITION FROM PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

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.

For the financial year ended 31 December 2020, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM1,498.9 million (2019: RM2,239.5 million) and RM36.2 million (2019: RM220.0 million) respectively and cost of RM1,151.0 million (2019: RM1,730.2 million) and RM22.7 million (2019: RM154.3 million) respectively.

B. WRITE-DOWN AND WRITE-OFF OF INVENTORIES

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, the Group and the Company have written down inventories by RM131.3 million (2019: RM65.7 million) and RM7.1 million (2019: RM Nil) respectively. In 2019, the Group has reversed the write-down of inventories by RM22.4 million. The Group and the Company have also written-off inventories by RM73.1 million (2019: RM9.7 million) and RM3.0 million (2019: RM Nil), respectively.

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. On completion of each phase of development, the Group ceases capitalisation for those phases and continues capitalisation of borrowing costs on other phases which are under-going development.

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 2020, the Group capitalised RM108.3 million (2019: RM152.4 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 24.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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, the Group has recognised impairment of property, plant and equipment and investment property totalling RM28.0 million (2019: RM9.8 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 2020, the accumulated impairment losses on investment in subsidiaries and amount due from subsidiaries amounted to RM1,207.9 million (2019: RM1,195.8 million) and RM226.2 million (2019: RM160.8 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

A. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

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 2020, the Group has an existing unutilised Islamic Medium Term Notes of RM3,700.0 million and unutilised bank credit facilities of RM1,881.4 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	
	2020	2019	2020	2019
Cash held under Housing Development Accounts [Note 28]	345,486	456,706	47,324	90,294
Bank balances, deposits and cash [Note 29]	456,351	286,632	191,945	99,308
	801,837	743,338	239,269	189,602

The Group believes that its contractual obligations, including those shown in contingent liabilities and capital commitments in Note 37 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 41(B).

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

During the financial year, 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 terms for the potential issuance of ASEAN Sustainable and Responsible Investment Sukuk.

The IMTN Programme was rated AA+_{IS} and a stable outlook accorded by Malaysian Rating Corporation Berhad.

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 external debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Group		Company	
	2020	2019	2020	2019
Borrowings				
– principal	3,316,513	3,191,583	1,296,511	497,092
– interest	9,956	12,704	2,947	1,272
Total borrowings	3,326,469	3,204,287	1,299,458	498,364
Lease liabilities	82,937	91,712	23,105	9,725
Total Debt	3,409,406	3,295,999	1,322,563	508,089
Total equity	9,289,456	9,950,006	8,987,824	9,231,956
Gearing ratio	36.7%	33.1%	14.7%	5.5%

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.

6 REVENUE

	Group		Company	
	2020	2019	2020	2019
Revenue from contracts with customers	2,014,658	3,129,928	251,153	408,997
Revenue from other sources				
– rental income from investment properties and other assets	48,123	50,066	2,692	2,300
– dividend income from subsidiaries	–	–	37,600	588,530
– dividend income from associates	–	–	1,800	1,800
	2,062,781	3,179,994	293,245	1,001,627
Disaggregation of the revenue from contract with customers:				
Property development	1,909,532	2,989,353	123,933	283,061
Property investment				
– maintenance service charges	26,658	28,981	–	–
– supply of teaching equipment	1,525	16,911	–	–
– others	7,009	7,308	–	–
Leisure and hospitality				
– golf club activities	60,596	63,372	–	–
– others	9,338	24,003	–	–
Management fee charged to subsidiaries	–	–	127,220	125,936
	2,014,658	3,129,928	251,153	408,997
Geographical markets				
Malaysia	1,893,617	3,119,669	250,844	408,122
Australia	120,492	9,334	–	50
Vietnam	549	880	–	–
Singapore	–	45	157	685
United Kingdom	–	–	152	140
	2,014,658	3,129,928	251,153	408,997
Timing of revenue				
At a point in time	456,064	855,470	87,752	63,072
Over time	1,558,594	2,274,458	163,401	345,925
	2,014,658	3,129,928	251,153	408,997

Revenue from contracts with customers of the Group and of the Company include RM100.9 million (2019: RM210.5 million) and RM17.0 million (2019: RM7.4 million) respectively that were included in contract liabilities at the beginning of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

7 COST OF SALES

	Group		Company	
	2020	2019	2020	2019
Property development costs	1,150,988	1,730,186	22,684	154,324
Cost of completed development units sold	223,821	325,015	50,385	48,773
Write-down of inventories	131,293	65,687	7,111	–
Reversal of write-down of inventories	–	(22,369)	–	–
Write-off of inventories	73,111	9,723	3,021	–
Finished goods and other direct expenses	61,766	145,926	(3,382)	15,362
Cost under concession arrangement	17,481	32,240	–	–
Employee costs	78,072	73,482	1,752	2,035
Hire of plant and machinery	1,287	2,618	–	–
Rental of land and buildings	351	84	–	–
Amortisation of intangible assets	9	13	–	–
Depreciation of:				
– property, plant and equipment	7,651	9,133	144	259
– investment properties	25,263	15,992	–	–
	1,771,093	2,387,730	81,715	220,753

8 OTHER OPERATING INCOME

	Group		Company	
	2020	2019	2020	2019
Late payment interest	3,167	3,122	–	–
Forfeiture of deposits	2,389	359	233	16
Recoveries and claims	2,286	449	–	213
Rental income	712	2,051	503	297
Non-refundable tender deposits	489	1,386	66	46
Maintenance charges	488	451	–	–
Other miscellaneous income	6,275	1,882	869	942
	15,806	9,700	1,671	1,514

9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2020	2019	2020	2019
Selling and marketing expenses	74,060	119,763	6,209	5,181
Administrative and other expenses	233,962	241,647	185,743	191,279
	308,022	361,410	191,952	196,460
Selling, marketing, administrative and other expenses comprise the following:				
Depreciation, amortisation, impairment losses and write-off				
Amortisation of intangible assets	1,643	1,545	1,501	1,477
Depreciation of:				
– property, plant and equipment	27,063	26,155	10,802	10,700
– investment properties	468	287	–	–
Impairment losses on receivables	14,753	10,779	1,611	409
Reversal of impairment losses on receivables	(1,916)	(1,398)	–	–
Write-off of property, plant and equipment	237	109	57	–
Bad debt recovered	(67)	(4,288)	–	–
	42,181	33,189	13,971	12,586
Auditors' remuneration				
Fees for statutory audits				
– PricewaterhouseCoopers PLT, Malaysia	1,282	1,390	260	347
– member firms of PricewaterhouseCoopers International Limited	519	908	–	–
– other firm	14	–	–	–
Fees for other assurance related				
– PricewaterhouseCoopers PLT, Malaysia	272	310	233	261
	2,087	2,608	493	608
Fees for non-audit services				
– PricewaterhouseCoopers PLT, Malaysia	329	1,800	329	800
– member firms of PricewaterhouseCoopers International Limited	125	224	–	–
	2,541	4,632	822	1,408
Employee and Directors costs				
Employee costs	139,416	134,363	130,467	118,548
Directors' fees and allowances	3,243	3,300	3,243	3,300
	142,659	137,663	133,710	121,848

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
Selling, marketing, administrative and other expenses comprise the following: (continued)				
Others				
Advertising and promotion	31,680	60,519	4,701	4,307
Sales commission and other selling expenses	12,308	27,364	1,508	874
Hire of plant and machinery	520	1,695	617	1,483
Rental of land and buildings	1,198	1,403	–	–
Contribution payable to Yayasan Sime Darby	10,000	20,000	5,000	13,000
Other operating expenses	64,935	74,945	31,623	40,954
	120,641	185,926	43,449	60,618
Total	308,022	361,410	191,952	196,460

During the financial year, as a result of COVID-19 pandemic, the Company has received rent concessions from its subsidiary amounting to RM165,780.

Non-audit services provided by the Company's auditors and its member firms comprise tax related and other advisory services.

The Audit Committee reviews on a quarterly basis, the engagement of the external auditors for non-audit services. Non-audit services can be offered by the external auditors if there are efficiency and value added benefits to the Group, without compromising auditor independence.

10 EMPLOYEE AND DIRECTORS COSTS

	Group		Company	
	2020	2019	2020	2019
Employee and Directors costs included in:				
– cost of sales	78,072	73,482	1,752	2,035
– selling, marketing, administrative and other expenses	142,659	137,663	133,710	121,848
	220,731	211,145	135,462	123,883

10 EMPLOYEE AND DIRECTORS COSTS (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
Staff:				
– salaries, allowances, overtime and bonus	144,800	163,620	87,839	92,828
– defined contribution plan	22,229	22,342	13,985	14,421
– termination benefits	24,220	–	13,289	–
– training, insurance and other benefits	24,803	20,004	15,670	11,455
	216,052	205,966	130,783	118,704
Executive Directors:				
– salaries, allowances and bonus	1,262	1,671	1,262	1,671
– defined contribution plan	174	208	174	208
	1,436	1,879	1,436	1,879
Non-Executive Directors:				
– fees	3,204	3,300	3,204	3,300
– allowances	39	–	39	–
	3,243	3,300	3,243	3,300
Total	220,731	211,145	135,462	123,883

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM4,384 (2019: RM131,161) and RM229,329 (2019: RM85,650) respectively. The Directors did not receive any benefits from the subsidiaries.

During the year, there was no Directors and key management personnel of the Group and the Company who purchased properties of the Group (2019: RM4.5 million).

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 31 December 2020 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

11 OTHER GAINS AND LOSSES

	Group		Company	
	2020	2019	2020	2019
Gain on disposal of property, plant and equipment	15	246,232	-	2
(Impairment losses)/Reversal of impairment losses on:				
– property, plant and equipment	(5,965)	-	-	-
– investment properties	(22,034)	(9,811)	-	-
– investment in subsidiaries	-	-	(12,163)	(28,102)
– investment in a joint venture	-	-	-	(28,910)
– investment in associates	-	-	-	(120)
– amounts due from subsidiaries [Note 25]	-	-	(65,455)	(926)
– amounts due from a joint venture [Note 25]	1,296	(14,921)	-	(37,210)
Surplus from liquidation of:				
– subsidiaries	-	-	-	1,704
– an associate	950	-	350	-
Surplus from capital reduction by a subsidiary	-	-	1,359	-
Changes in fair value of quoted investments	(214)	(31)	(214)	(31)
Provision on obligation in relation to a property disposed [Note 35]	(19,678)	(65,801)	-	-
Adjustment to variable consideration in respect of property disposal in prior year [Note 35]	(31,098)	-	-	-
Foreign currency exchange loss transferred from equity	(6,642)	-	-	-
Foreign currency exchange (losses)/gain:				
– realised	(2,598)	(18)	280	(6)
– unrealised	(2,054)	983	-	-
	(88,022)	156,633	(75,843)	(93,599)

12 JOINT VENTURES

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 43.

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.

12 JOINT VENTURES (CONTINUED)

Battersea is a joint venture between Setia International Limited, a subsidiary of S P Setia Berhad, 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
2020			
Share of results	(395,428)	(24,602)	(420,030)
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	2,371,918	108,340	2,480,258
2019			
Share of results	(29,134)	(767)	(29,901)
Unquoted shares, at costs	2,614,685	89,252	2,703,937
Unrealised profit	–	(46,614)	(46,614)
Share of post-acquisition reserves	73,114	(13,617)	59,497
Shareholder's advances	–	88,181	88,181
Carrying amount at the end of the financial year	2,687,799	117,202	2,805,001

In prior financial year, share of post-acquisition losses in excess of the cost of investment in a joint venture amounting to RM23.6 million was reclassified to accumulated impairment losses on amount due from the joint venture (see Note 25(A)).

During the financial year, the Group has not recognised losses of RM21.8 million, where its share of losses exceeds the Group's interest in a joint venture. The Group has no obligation in respect of these losses.

The Company's investments in joint ventures are as follows:

	Company	
	2020	2019
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 venture is unsecured and interest free with no fixed term of repayment.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

12 JOINT VENTURES (CONTINUED)

A. MATERIAL JOINT VENTURE TO 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:

	2020	2019
Revenue	1,192,388	1,732,586
Impairment of inventories	(842,754)	–
Depreciation and amortisation	(28,120)	(11,504)
Finance income	–	977
Finance cost	(9,831)	(5,254)
Loss before taxation	(988,836)	(92,923)
Taxation	267	20,088
Loss for the financial year	(988,569)	(72,835)
Share of results	(395,428)	(29,134)

In the previous financial year, Battersea had entered into a Sale and Purchase Agreement to sell 7 of its subsidiaries, which owned the commercial components of Phase 2 at a base price of £1.583 billion. The consideration in respect of the transaction comprises both a fixed as well as variable consideration. The variable consideration is expected to be received after the end of the 5th year subject to meeting certain criteria. Consequently, the variable consideration will also be recognised once the recognition criteria have been met, and the revenue recognised to-date is equal to the costs incurred to-date (with no profit recognised). The significantly higher loss before taxation for the current financial year was mainly as a consequence of the write-down in the work-in-progress and inventories amounting to £62.4 million (RM337.1 million), being the Group's 40% share of the write-down by Battersea.

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.

12 JOINT VENTURES (CONTINUED)

A. MATERIAL JOINT VENTURE TO THE GROUP (CONTINUED)

Summarised financial information (continued)

ii. The summarised consolidated statements of financial position of Battersea are as follows:

	2020	2019
Non-current assets	367,647	369,596
Current assets		
Cash and cash equivalents	554,794	947,068
Inventories	11,709,932	10,174,789
Other current assets	383,970	753,956
	12,648,696	11,875,813
Non-current liabilities		
Financial liabilities (excluding payables)	4,528,622	3,455,499
Other non-current liabilities	83,617	35,421
	4,612,239	3,490,920
Current liabilities		
Financial liabilities (excluding payables)	897,210	444,322
Other current liabilities	1,577,098	1,590,670
	2,474,308	2,034,992
Net assets	5,929,796	6,719,497

iii. Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Battersea is as below:

	2020	2019
Net assets		
At 1 January	6,719,497	6,230,468
Total comprehensive loss for the financial year	(988,569)	(72,835)
Additional allotment during the financial year	83,538	426,155
Exchange differences	115,330	135,709
At 31 December	5,929,796	6,719,497
Group's interest in the joint venture	40%	40%
Carrying amount at the end of the financial year	2,371,918	2,687,799

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

12 JOINT VENTURES (CONTINUED)

B. SHARE OF CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group's share of capital commitments are as follows:

	2020	2019
Approved and contracted for purchase of land for property development	116,280	114,063

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 37(B)(ii).

13 ASSOCIATES

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 43.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2020.

The Group's and the Company's investments in associates are as follows:

	Group	
	2020	2019
Share of results	(1,300)	53
Share of other comprehensive income/(loss)	1,074	(351)
Share of total comprehensive loss for the financial year	(226)	(298)

	Group		Company	
	2020	2019	2020	2019
Unquoted shares, at costs	36,203	36,803	36,000	36,600
Share of post-acquisition reserves	92,548	94,975	–	–
Shareholder's advance	12,194	10,163	12,194	10,163
Accumulated impairment losses	(1,803)	(2,804)	(1,746)	(1,746)
Carrying amount at the end of the financial year	139,142	139,137	46,448	45,017

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.21% (2019: 7.65%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

SHARE OF CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.

14 FINANCE INCOME

	Group		Company	
	2020	2019	2020	2019
Finance income arising from:				
– subsidiaries	–	–	36,692	91,522
– a joint venture	1,154	1,425	–	–
– an associate	820	772	820	772
– banks and other financial institutions	8,535	13,888	3,351	4,002
– accretion of interest on contract assets [Note 27(A)]	99,435	105,157	–	–
	109,944	121,242	40,863	96,296

15 FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
Finance costs charged by:				
– banks and other financial institutions	29,953	50,867	–	4,571
– non-controlling interest	5,732	7,315	–	–
– lease liabilities [Note 34]	3,971	4,320	240	619
– subsidiaries [Note 32(B)]	–	–	–	722
Accretion of interest on:				
– payables [Note 32(A)]	4,677	4,840	–	–
– provisions [Note 35]	4,966	–	–	–
	49,299	67,342	240	5,912
Islamic financing distribution payment:				
– Syndicated Islamic term financing	52,036	56,821	–	–
– Islamic Medium Term Notes	2,101	–	2,101	–
– others	49,646	51,136	16,955	22,354
	103,783	107,957	19,056	22,354
Total finance costs	153,082	175,299	19,296	28,266
Interest capitalised in inventories [Note 26]	(108,308)	(152,388)	–	–
Net finance costs	44,774	22,911	19,296	28,266

The Group's weighted average capitalisation rate is 4.0% (2019: 5.0%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

16 TAXATION

	Group		Company	
	2020	2019	2020	2019
Income tax:				
In respect of current financial year				
– Malaysian income tax	88,528	173,616	12,340	28,005
– foreign income tax	5	48	–	–
In respect of prior financial years				
– Malaysian income tax	(13,584)	(550)	(527)	(13,013)
– foreign income tax	35	–	–	–
Total income tax	74,984	173,114	11,813	14,992
Deferred tax: [Note 24]				
– origination and reversal of temporary differences	(6,526)	(18,088)	(8,138)	(9,330)
– under/(over) provision in prior financial years	2,515	(80,237)	1,107	–
Total deferred tax credit	(4,011)	(98,325)	(7,031)	(9,330)
Total taxation	70,973	74,789	4,782	5,662

TAX RECONCILIATION

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2020	2019	2020	2019
(Loss)/Profit before taxation	(444,710)	665,670	(33,027)	560,359
Less:				
Share of results of:				
– joint ventures [Note 12]	420,030	29,901	–	–
– associates [Note 13]	1,300	(53)	–	–
	(23,380)	695,518	(33,027)	560,359

16 TAXATION (CONTINUED)

TAX RECONCILIATION (CONTINUED)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

	Group		Company	
	2020	2019	2020	2019
Applicable tax	(1,680)	159,658	(7,926)	134,486
Effect of tax incentives and income not subject to tax:				
– single tier and tax exempt dividends	–	–	(9,456)	(141,679)
– gain on disposal of property, plant and equipment	–	(36,449)	–	–
– others	(770)	(236)	(477)	(409)
Effect of expenses not deductible for tax purposes:				
– impairment losses on amounts due from subsidiaries	–	–	15,709	222
– impairment losses on amounts due from joint ventures	–	3,270	–	8,931
– impairment losses on investment in subsidiaries, joint ventures and associates	–	–	2,919	13,712
– provisions	8,632	11,186	–	–
– others	22,606	14,623	3,433	3,412
Deferred tax assets not recognised in respect of current financial year's tax losses and temporary differences	56,607	8,862	–	–
Recognition of previously unrecognised tax losses and temporary differences	(3,388)	(5,338)	–	–
(Over)/Under provision in prior years	(11,034)	(80,787)	580	(13,013)
Taxation for the financial year	70,973	74,789	4,782	5,662
Applicable tax rate (%)	17.0 – 30.0	17.0 – 30.0	24.0	24.0
Effective tax rate (%)	(303.6)	10.8	(14.5)	1.0

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

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

17 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2020	2019
(Loss)/Profit for the financial year	(478,802)	598,531
Number of ordinary shares in issue (thousand)	6,800,839	6,800,839
Basic (loss)/earnings per share (sen)	(7.0)	8.8

The basic and diluted (loss)/earnings per share is the same as there is no dilutive potential ordinary shares in issue as at the end of the financial year.

18 DIVIDENDS

	Group/Company	
	2020	2019
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 first interim single tier dividend of 1.0 sen per ordinary share which was paid on 22 October 2019.	–	68,008
– a second interim single tier dividend of 2.0 sen per ordinary share which was paid on 20 April 2020.	136,017	–
In respect of the financial period ended 31 December 2018, an interim single tier dividend of 1.0 sen per ordinary share which was paid on 26 April 2019.	–	68,009
	204,025	136,017

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2020.

19 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings	Plant and machinery	Vehicles, equipment and fixtures	Work in progress	Total
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	-	-	-	-	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
2019							
At 1 January 2019	58,619	54,842	495,055	4,151	49,172	1,702	663,541
Additions	-	731	4,910	639	4,792	5,818	16,890
Disposals	-	-	(8,532)	-	(157)	-	(8,689)
Write-off	-	-	-	(21)	(88)	-	(109)
Depreciation [Notes 7 & 9]	-	(1,745)	(18,735)	(1,889)	(12,919)	-	(35,288)
Exchange differences	-	-	(57)	(2)	(2)	-	(61)
At 31 December 2019	58,619	53,828	472,641	2,878	40,798	7,520	636,284
Cost	58,619	56,726	696,638	41,594	179,610	7,520	1,040,707
Accumulated depreciation	-	(2,898)	(220,297)	(38,666)	(138,812)	-	(400,673)
Accumulated impairment losses	-	-	(3,700)	(50)	-	-	(3,750)
Carrying amount at the end of the financial year	58,619	53,828	472,641	2,878	40,798	7,520	636,284

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings	Vehicles, equipment and fixtures	Work in progress	Total
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
2019				
At 1 January 2019	19,053	3,301	–	22,354
Additions	–	2,861	194	3,055
Depreciation [Notes 7 & 9]	(9,526)	(1,433)	–	(10,959)
At 31 December 2019	9,527	4,729	194	14,450
Cost	19,053	41,098	194	60,345
Accumulated depreciation	(9,526)	(36,369)	–	(45,895)
Carrying amount at the end of the financial year	9,527	4,729	194	14,450

The Group has recognised impairment of property, plant and equipment of RM6.0 million (2019: RM Nil) 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, computed using the cash flow projections.

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
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
2019				
At 1 January 2019	54,842	306,031	–	360,873
Additions	731	4,447	–	5,178
Depreciation	(1,745)	(9,609)	–	(11,354)
Exchange differences	–	(58)	–	(58)
At 31 December 2019	53,828	300,811	–	354,639
Cost	56,726	434,275	–	491,001
Accumulated depreciation	(2,898)	(129,764)	–	(132,662)
Accumulated impairment losses	–	(3,700)	–	(3,700)
Carrying amount at the end of the financial year	53,828	300,811	–	354,639

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

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
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
2019			
At 1 January 2019	19,053	–	19,053
Additions	–	–	–
Depreciation	(9,526)	–	(9,526)
At 31 December 2019	9,527	–	9,527
Cost	19,053	–	19,053
Accumulated depreciation	(9,526)	–	(9,526)
Carrying amount at the end of the financial year	9,527	–	9,527

The Company's right-of-use building is leased from a subsidiary company.

B. ASSETS PLEDGED AS SECURITY

As at 31 December 2020, property, plant and equipment of certain subsidiaries with a total carrying amount of RM70.9 million (2019: RM72.7 million) were pledged as security for borrowings of the Group (see Note 33).

C. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2020	2019	2020	2019
Additions	24,030	16,890	23,767	3,055
Financed by lease liabilities	(7,022)	(5,178)	(23,134)	–
Total cash outflow	17,008	11,712	633	3,055

20 INVESTMENT PROPERTIES

Group	Freehold land	Leasehold land	Buildings	Work in progress	Total
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)
Transferred to inventories [Note 26]	-	(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
2019					
At 1 January 2019	47,060	16,181	254,314	326,651	644,206
Additions	-	-	78,103	75,269	153,372
Impairment losses	-	-	(9,811)	-	(9,811)
Transferred to inventories [Note 26]	(3,395)	-	-	-	(3,395)
Reclassified from provisions [Note 35]	-	-	(22,268)	-	(22,268)
Reclassification	-	(7,712)	7,712	-	-
Depreciation [Notes 7 & 9]	-	(207)	(16,072)	-	(16,279)
Exchange differences	-	-	(40)	-	(40)
At 31 December 2019	43,665	8,262	291,938	401,920	745,785
Cost	43,665	13,214	394,919	401,920	853,718
Accumulated depreciation	-	(1,586)	(63,237)	-	(64,823)
Accumulated impairment losses	-	(3,366)	(39,744)	-	(43,110)
Carrying amount at the end of the financial year	43,665	8,262	291,938	401,920	745,785

The Group has recognised impairment of investment properties of RM22.0 million (2019: RM9.8 million) during the financial year. The recoverable amount of these assets are determined based on valuation performed by independent professional valuers using the investment method of valuation.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

20 INVESTMENT PROPERTIES (CONTINUED)

A. RIGHT-OF-USE ASSETS

Right-of-use assets included in investment properties are as follows:

Group	Leasehold land	Buildings	Total
2020			
At 1 January 2020	8,262	83,377	91,639
Additions	-	1,914	1,914
Transferred to inventories [Note 26]	(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)	(28,735)	(30,390)
Accumulated impairment losses	(3,365)	(19,123)	(22,488)
Carrying amount at the end of the financial year	7,818	70,619	78,437
2019			
At 1 January 2019	16,181	37,904	54,085
Additions	-	78,103	78,103
Reclassified from provisions [Note 35]	-	(22,268)	(22,268)
Reclassification	(7,712)	-	(7,712)
Depreciation	(207)	(10,322)	(10,529)
Exchange differences	-	(40)	(40)
At 31 December 2019	8,262	83,377	91,639
Cost	13,214	116,582	129,796
Accumulated depreciation	(1,586)	(10,995)	(12,581)
Accumulated impairment losses	(3,366)	(22,210)	(25,576)
Carrying amount at the end of the financial year	8,262	83,377	91,639

20 INVESTMENT PROPERTIES (CONTINUED)

B. FAIR VALUE

The fair value of the Group's investment properties are as follows:

	Owned assets	Right-of-use assets	Total
2020			
Level 2	512,555	106,790	619,345
Level 3	278,468	81,007	359,475
	791,023	187,797	978,820
2019			
Level 2	586,651	129,073	715,724
Level 3	273,177	94,594	367,771
	859,828	223,667	1,083,495

There are no quoted prices in active market for identical properties. Therefore, no property is measured at Level 1 of the fair value hierarchy. The properties measured at Level 2 and Level 3 are determined as follows:

- i. Level 2 – measured by reference either to the valuation by independent professional valuers or the open market value of properties in the vicinity. The key input under this approach is the price per square foot from sales of comparable properties.
- ii. Level 3 – valued by independent professional valuers based on the rental the properties are expected to achieve, the location, size and condition of the properties and taking into consideration the outgoings such as quit rent and assessment, utilities, repair and maintenance including other general expenses.

C. ASSETS PLEDGED AS SECURITY

As at 31 December 2020, investment properties of certain subsidiaries with a total carrying amount of RM177.7 million (2019: RM144.6 million) were pledged as security for borrowings of the Group (see Note 33).

D. ADDITIONS OF INVESTMENT PROPERTIES

	Group	
	2020	2019
Additions	14,206	153,372
Financed by lease liabilities	–	(78,103)
Total cash outflow	14,206	75,269

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

20 INVESTMENT PROPERTIES (CONTINUED)

E. OPERATING LEASES

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Group	
	2020	2019
Rental income	38,508	38,823
Direct operating expenses, before depreciation and amortisation	(31,997)	(35,406)

The maturity analysis of the undiscounted rental payments is as follows:

	Group	
	2020	2019
Rental payments due		
– not later than 1 year	40,731	35,906
– later than 1 year and not later than 2 years	41,889	22,738
– later than 2 years and not later than 3 years	34,399	23,588
– later than 3 years and not later than 4 years	5,399	17,262
– later than 4 years and not later than 5 years	5,589	2,820
– later than 5 years	79,534	53,363
	207,541	155,677

21 SUBSIDIARIES

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 43.

	Company	
	2020	2019
Unquoted shares:		
At cost	7,952,498	7,934,720
Accumulated impairment losses	(1,207,935)	(1,195,772)
	6,744,563	6,738,948
Contribution to a subsidiary	23,485	23,485
Carrying amount at the end of the financial year	6,768,048	6,762,433

During the financial year ended 31 December 2020, the Company increased its investment in subsidiaries by RM33.7 million (2019: RM2,373.5 million) via capital injections of RM33.7 million (2019: RM436.5 million) and capitalisation of amounts due from subsidiaries of RM Nil (2019: RM1,937.0 million).

21 SUBSIDIARIES (CONTINUED)

Movements in accumulated impairment losses are as follows:

	Company	
	2020	2019
At 1 January	1,195,772	1,100,394
Impairment losses	12,163	28,102
Reclassified from accumulated impairment losses on amounts due from subsidiaries following the increase in investment in those subsidiaries through debt capitalisation [Note 25(C)]	–	72,351
Liquidation of subsidiaries	–	(5,075)
At 31 December	1,207,935	1,195,772

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.

22 INVESTMENTS

Group/Company	Quoted shares	Unquoted shares	Total
2020			
At 1 January 2020	2,297	56,491	58,788
Net changes in fair value:			
– credited to other comprehensive income	–	(2,298)	(2,298)
– charged to profit or loss	(214)	–	(214)
At 31 December 2020	2,083	54,193	56,276
2019			
At 1 January 2019	2,328	56,911	59,239
Net changes in fair value:			
– credited to other comprehensive income	–	(420)	(420)
– charged to profit or loss	(31)	–	(31)
At 31 December 2019	2,297	56,491	58,788

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

23 INTANGIBLE ASSETS

	Group		Company	
	2020	2019	2020	2019
At 1 January	4,143	3,454	3,865	3,104
Additions	3,230	2,247	2,264	2,238
Amortisation [Notes 7 & 9]	(1,652)	(1,558)	(1,501)	(1,477)
At 31 December	5,721	4,143	4,628	3,865
Cost	30,199	26,969	27,132	24,877
Accumulated amortisation	(24,478)	(22,826)	(22,504)	(21,012)
Carrying amount at the end of the financial year	5,721	4,143	4,628	3,865

The intangible assets for the Group and the Company comprise mainly computer software.

24 DEFERRED TAX

	Group		Company	
	2020	2019	2020	2019
Deferred tax assets	592,235	579,376	29,708	22,677
Deferred tax liabilities	(172,562)	(163,713)	-	-
	419,673	415,663	29,708	22,677

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	
	2020	2019	2020	2019
Unutilised tax losses	507,917	380,848	-	-
Deductible temporary differences	554,944	460,268	-	-
	1,062,861	841,116	-	-
Deferred tax assets not recognised	255,087	201,868	-	-

In accordance with the provision in Finance Act 2018 in Malaysia, the unutilised tax losses are available for utilisation within seven years, for which, any excess at the end of the seventh year, will be disregarded. Deferred tax assets have not been recognised in respect of temporary differences and unutilised tax losses because it is probable that the future taxable profits of certain loss-making subsidiaries would not be available against which the tax losses and temporary differences can be utilised.

24 DEFERRED TAX (CONTINUED)

The Group has recognised deferred tax assets amounting to RM70.8 million (2019: RM87.9 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 components and movements of the deferred tax assets and liabilities during the financial year are as follows:

Group	Property, plant and equipment	Inventories	Contract assets	Allowance and provision	Tax losses and unabsorbed capital allowances	Others	Total
2020							
At 1 January 2020	5,930	384,612	(192,962)	98,468	99,250	20,365	415,663
Recognised in profit or loss: [Note 16]							
– temporary differences	292	(2,207)	(8,849)	17,180	(753)	863	6,526
– (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	382,519	(201,811)	114,539	96,915	21,482	419,673
2019							
At 1 January 2019	5,777	300,864	(180,984)	53,382	118,218	19,793	317,050
Recognised in profit or loss: [Note 16]							
– temporary differences	168	23,315	(11,978)	27,353	(21,342)	572	18,088
– (under)/over provision in prior financial years	(16)	60,126	–	17,733	2,394	–	80,237
Exchange differences	1	307	–	–	(20)	–	288
At 31 December 2019	5,930	384,612	(192,962)	98,468	99,250	20,365	415,663

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

24 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	Tax losses and unabsorbed capital allowances	Total
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
2019					
At 1 January 2019	(214)	3,473	8,178	1,910	13,347
Recognised in profit or loss: [Note 16]					
– temporary differences	(89)	9,542	1,787	(1,910)	9,330
At 31 December 2019	(303)	13,015	9,965	–	22,677

25 RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
Non-current				
Amounts due from:				
– joint ventures [note (A)]	118,000	88,000	89,000	59,000
– subsidiaries [note (B)]	–	–	1,974,847	1,275,552
	118,000	88,000	2,063,847	1,334,552
Accumulated impairment losses on: [note (C)]				
– amounts due from a joint venture	(37,210)	(37,210)	(37,210)	(37,210)
– amounts due from subsidiaries	–	–	(61,084)	(8,000)
	80,790	50,790	1,965,553	1,289,342

25 RECEIVABLES (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
Current				
Trade receivables	586,959	521,038	51,447	25,953
Other receivables	82,600	73,681	20,447	19,456
Deposits	74,371	75,355	5,540	5,231
GST recoverable	747	35,826	–	454
Amounts due from:				
– joint ventures [note (A)]	6,658	42,338	6,515	6,311
– subsidiaries [note (B)]	–	–	273,267	455,412
	751,335	748,238	357,216	512,817
Accumulated impairment losses on: [note (C)]				
– trade receivables	(66,682)	(65,796)	–	–
– other receivables	(57,457)	(47,899)	(17,242)	(15,631)
– amounts due from joint ventures	(4,536)	(5,832)	(4,536)	(4,536)
– amounts due from subsidiaries	–	–	(165,127)	(152,756)
	(128,675)	(119,527)	(186,905)	(172,923)
	622,660	628,711	170,311	339,894
Total receivables	703,450	679,501	2,135,864	1,629,236

CREDIT QUALITY OF FINANCIAL ASSETS

Trade receivables that are neither past due nor impaired are amounts due from a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. In respect of property purchasers with no end-financing facilities, ownership and rights to the properties revert to the Group and to the Company in the event of default.

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. The 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

25 RECEIVABLES (CONTINUED)

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	
	2020	2019	2020	2019
Amounts due from joint ventures				
Interest bearing	118,000	122,500	89,000	59,000
Accumulated impairment losses				
At 1 January	(38,506)	–	(37,210)	–
Impairment losses [Note 11]	1,296	(14,921)	–	(37,210)
Reclassified from investment in joint ventures [Note 12]	–	(23,585)	–	–
At 31 December	(37,210)	(38,506)	(37,210)	(37,210)
	80,790	83,994	51,790	21,790
Non-current				
Due later than 1 year	80,790	50,790	51,790	21,790
Current				
Due not later than 1 year	–	33,204	–	–
	80,790	83,994	51,790	21,790

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 5.0% to 8.0% (2019: 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 RM1,844.3 million (2019: RM1,145.0 million) which bears interest at 3.60% (2019: 4.66%) per annum.

25 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
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
2019			
At 1 January 2019	12,128	96,520	108,648
Impairment losses on:			
– trade and other receivables	410	10,369	10,779
– amounts due from a joint venture	–	14,921	14,921
Reversal of impairment losses on trade and other receivables	(543)	(855)	(1,398)
Reclassified from investment in joint venture [Note 12]	–	23,585	23,585
Write-off	(24)	–	(24)
Exchange differences	161	65	226
At 31 December 2019	12,132	144,605	156,737
Gross carrying amount at the end of the financial year	213,394	622,844	836,238
Carrying value net of ECL at the end of the financial year	201,262	478,239	679,501

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

25 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
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
2019			
At 1 January 2019	773	251,166	251,939
Impairment losses on:			
– trade and other receivables	409	–	409
– amounts due from subsidiaries	–	926	926
– amounts due from a joint venture	–	37,210	37,210
Reclassified to accumulated impairment losses on cost of investment in subsidiaries following the capitalisation of the amount due from those subsidiaries [Note 21]	–	(72,351)	(72,351)
At 31 December 2019	1,182	216,951	218,133
Gross carrying amount at the end of the financial year	25,141	1,822,228	1,847,369
Carrying value net of ECL at the end of the financial year	23,959	1,605,277	1,629,236

26 INVENTORIES

	Group		Company	
	2020	2019	2020	2019
Non-current				
Land held for property development [note (A)]	4,474,282	4,542,929	1,052,552	1,094,867
Current				
Cost:				
– completed development units	134,983	128,200	7,241	10,973
– finished goods, raw materials and consumable stores	1,467	1,722	–	–
Net realisable value:				
– completed development units	441,738	404,586	4,503	9,511
	578,188	534,508	11,744	20,484
Property development costs [note (B)]	1,299,081	1,455,335	121,967	75,598
	1,877,269	1,989,843	133,711	96,082
Total inventories	6,351,551	6,532,772	1,186,263	1,190,949

During the financial year, the Group and the Company recognised inventories cost of RM1,641.0 million (2019: RM2,254.2 million) and RM79.8 million (2019: RM218.5 million), respectively, as cost of sales.

As at 31 December 2020, certain inventories of the Group and the Company with a total carrying amount of RM761.4 million (2019: RM666.9 million) and RM47.6 million (2019: RM39.9 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 RM131.3 million (2019: RM65.7 million) and RM7.1 million (2019: RM Nil), respectively. In 2019, a reversal of write-down totalling RM22.4 million by the Group was credited into cost of sales following the upward revision to the estimated net realisable value of certain inventories and the contracted selling price of a piece of land in Queensland, Australia which is higher than its previously written down value.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

26 INVENTORIES (CONTINUED)

A. LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2020	2019	2020	2019
At 1 January	4,542,929	4,178,104	1,094,867	1,011,427
Additions	458,800	743,257	65,892	156,159
Write-down	(5,541)	(24,999)	(7,111)	-
Write-off	(68,236)	-	-	-
Transferred (to)/from:				
– property, plant and equipments [Note 19]	(6,852)	-	-	-
– investment properties [Note 20]	242	3,395	-	-
– property development costs [note (B)]	(447,060)	(356,828)	(101,096)	(72,719)
At 31 December	4,474,282	4,542,929	1,052,552	1,094,867

Land held for property development is analysed as follows:

	Group		Company	
	2020	2019	2020	2019
Freehold land, at cost	1,442,022	1,522,185	915,244	920,235
Leasehold land, at cost	514,126	521,259	-	-
Development costs	2,518,134	2,499,485	137,308	174,632
	4,474,282	4,542,929	1,052,552	1,094,867

26 INVENTORIES (CONTINUED)

B. PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2020	2019	2020	2019
At 1 January	3,648,998	2,820,985	175,866	143,770
Development costs incurred during the financial year	941,387	1,144,689	12,623	105,491
Transferred from/(to):				
– land held for property development [note (A)]	447,060	356,828	101,096	72,719
– completed development units	(298,422)	(8,061)	(41,645)	(2,251)
Cost charged out in respect of completed development during the financial year	(2,010,462)	(662,599)	(114,694)	(143,863)
Exchange differences	(6,318)	(2,844)	–	–
At 31 December	2,722,243	3,648,998	133,246	175,866
Less: Cost recognised in profit or loss				
At 1 January	(2,193,663)	(1,119,312)	(100,268)	(89,807)
Costs recognised during the financial year [Note 7]	(1,150,988)	(1,730,186)	(22,684)	(154,324)
Reversal of write-down	–	2,188	–	–
Write-down	(85,880)	–	–	–
Write-off	(4,875)	(9,723)	(3,021)	–
Cost charged out in respect of completed development during the financial year	2,010,462	662,599	114,694	143,863
Exchange differences	1,782	771	–	–
At 31 December	(1,423,162)	(2,193,663)	(11,279)	(100,268)
Carrying amount at the end of the financial year	1,299,081	1,455,335	121,967	75,598

Property development costs is analysed as follows:

	Group		Company	
	2020	2019	2020	2019
Freehold land, at cost	232,957	254,436	21,304	22,531
Leasehold land, at cost	51,997	51,339	–	–
	284,954	305,775	21,304	22,531
Development costs	2,437,289	3,343,223	111,942	153,335
Costs recognised in profit or loss	(1,423,162)	(2,193,663)	(11,279)	(100,268)
Carrying amount at the end of the financial year	1,299,081	1,455,335	121,967	75,598

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 RM108.3 million (2019: RM152.4 million) (see Note 15).

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

27 CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		Company	
	2020	2019	2020	2019
Contract Assets				
Contract assets from customers on concession arrangement [note (A)]	1,467,322	1,530,072	–	–
Contract assets from property development [note (B)]	912,052	987,213	33,257	101,215
Carrying amount at the end of the financial year	2,379,374	2,517,285	33,257	101,215
Non-current				
Due later than 1 year	1,255,602	1,318,352	–	–
Current				
Due not later than 1 year	1,123,772	1,198,933	33,257	101,215
	2,379,374	2,517,285	33,257	101,215
Contract Liabilities				
Contract liabilities from property development [note (B)]	128,059	92,892	59,811	16,989
Advance annual license fees on golf club memberships	251,119	259,086	–	–
Others	–	547	–	–
Carrying amount at the end of the financial year	379,178	352,525	59,811	16,989
Non-current				
Due later than 1 year	244,937	251,623	–	–
Current				
Due not later than 1 year	134,241	100,902	59,811	16,989
	379,178	352,525	59,811	16,989

27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

A. CONCESSION ARRANGEMENT

	Group	
	2020	2019
Revenue recognised to date	1,576,588	1,575,063
Accretion of discount	501,488	402,053
Progress billings to date	(610,754)	(447,044)
Carrying amount at the end of the financial year	1,467,322	1,530,072
Non-current		
Construction contract	1,231,767	1,256,241
Supply of teaching equipment	56,635	62,111
	1,288,402	1,318,352
Current		
Construction contract	147,549	161,706
Supply of teaching equipment	31,371	50,014
	178,920	211,720
Total	1,467,322	1,530,072

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 will maintain 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 will receive Availability Charges and Asset Management Services Charges over the period of 20 years. Cost of teaching equipment will be received over the first five years of the concession period. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

A. CONCESSION ARRANGEMENT (CONTINUED)

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).

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	
	2020	2019	2020	2019
Contract assets	912,052	987,213	33,257	101,215
Contract liabilities	(128,059)	(92,892)	(59,811)	(16,989)
	783,993	894,321	(26,554)	84,226
At 1 January	894,321	390,446	84,226	76,068
Revenue recognised during the financial year	1,909,532	2,989,353	123,933	283,061
Progress billings during the financial year	(2,019,860)	(2,485,478)	(234,713)	(274,903)
At 31 December	783,993	894,321	(26,554)	84,226

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	
	2020	2019	2020	2019
Within 1 year	1,280,035	1,159,014	88,053	21,258
More than 1 year	554,546	648,056	17,151	–
	1,834,581	1,807,070	105,204	21,258

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 1.8% (2019: 2.0% to 2.9%) per annum.

29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2020	2019	2020	2019
Deposits with licensed banks	218,846	61,543	91,929	40,000
Cash at banks and in hand	237,505	225,089	100,016	59,308
Carrying amount at the end of the financial year	456,351	286,632	191,945	99,308
Effective interest rate per annum as at the end of the financial year:	%	%	%	%
Deposits with licensed banks	1.89	3.06	1.95	3.10

Deposits with licensed banks of certain subsidiaries with carrying amount of RM67.1 million (2019: RM76.4 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 RM22.6 million (2019: RM23.6 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.

30 SHARE CAPITAL

	Group/Company			
	Number of shares (thousand)		Share capital	
	2020	2019	2020	2019
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

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

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 2020 are as follows:

Name of subsidiaries	Place of business
Sime Darby Brunsfield Holding Sdn Bhd ("SDBH")	Malaysia
Sime Darby Property Selatan Sdn Bhd ("SDPS")	Malaysia

The (loss)/profit, comprehensive (loss)/income and net assets attributable to owners of non-controlling interests are as follows:

	Material non-controlling interests	Others	Total
2020			
Loss for the financial year	(32,212)	(4,669)	(36,881)
Other comprehensive loss for the financial year	(1,464)	(50)	(1,514)
Total comprehensive loss for the financial year	(33,676)	(4,719)	(38,395)
Net assets	161,731	24,032	185,763
2019			
(Loss)/Profit for the financial year	(10,901)	3,251	(7,650)
Other comprehensive loss for the financial year	(865)	(70)	(935)
Total comprehensive (loss)/income for the financial year	(11,766)	3,181	(8,585)
Net assets	199,807	28,489	228,296

31 NON-CONTROLLING INTERESTS (CONTINUED)

SUMMARISED FINANCIAL INFORMATION

- i. The summarised consolidated statements of comprehensive income of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	SDBH	SDPS	Total
2020			
Revenue	277,313	35,521	312,834
(Loss)/Profit for the financial year	(143,107)	62,577	(80,530)
Other comprehensive loss for the financial year	(3,660)	–	(3,660)
Total comprehensive (loss)/income for the financial year	(146,767)	62,577	(84,190)
Attributable to non-controlling interests:			
– (loss)/profit for the financial year	(57,243)	25,031	(32,212)
– other comprehensive loss	(1,464)	–	(1,464)
– total comprehensive (loss)/income	(58,707)	25,031	(33,676)
2019			
Revenue	85,034	53,200	138,234
(Loss)/Profit for the financial year	(58,348)	31,095	(27,253)
Other comprehensive loss for the financial year	(2,162)	–	(2,162)
Total comprehensive (loss)/income for the financial year	(60,510)	31,095	(29,415)
Attributable to non-controlling interests:			
– (loss)/profit for the financial year	(23,339)	12,438	(10,901)
– other comprehensive loss	(865)	–	(865)
– total comprehensive (loss)/income	(24,204)	12,438	(11,766)

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

31 NON-CONTROLLING INTERESTS (CONTINUED)

SUMMARISED FINANCIAL INFORMATION (CONTINUED)

- ii. The summarised consolidated statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	SDBH	SDPS	Total
2020			
Non-current assets	400,052	1,290,333	1,690,385
Current assets	770,489	290,426	1,060,915
Non-current liabilities	(1,184,424)	(858,437)	(2,042,861)
Current liabilities	(170,399)	(133,713)	(304,112)
Net (liabilities)/assets	(184,282)	588,609	404,327
Proportion of equity held by non-controlling interests (%)	40%	40%	
Non-controlling interests	(73,713)	235,444	161,731
2019			
Non-current assets	374,487	1,320,399	1,694,886
Current assets	737,232	383,147	1,120,379
Non-current liabilities	(1,016,540)	(854,224)	(1,870,764)
Current liabilities	(132,694)	(312,289)	(444,983)
Net (liabilities)/assets	(37,515)	537,033	499,518
Proportion of equity held by non-controlling interests (%)	40%	40%	
Non-controlling interests	(15,006)	214,813	199,807

31 NON-CONTROLLING INTERESTS (CONTINUED)

SUMMARISED FINANCIAL INFORMATION (CONTINUED)

- iii. The summarised consolidated statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	SDBH	SDPS	Total
2020			
Cash (used in)/from operations	(27,829)	161,847	134,018
Tax paid	(3,374)	(3,091)	(6,465)
Net cash (used in)/from operating activities	(31,203)	158,756	127,553
Net cash from investing activities	1,512	478	1,990
Net cash from/(used in) financing activities	27,993	(182,855)	(154,862)
Net decrease in cash and cash equivalents	(1,698)	(23,621)	(25,319)
Cash and cash equivalents at the beginning of the financial year	22,841	94,896	117,737
Exchange differences	21	–	21
Cash and cash equivalents at the end of the financial year	21,164	71,275	92,439
2019			
Cash (used in)/from operations	(25,959)	123,165	97,206
Tax refund	864	663	1,527
Net cash (used in)/from operating activities	(25,095)	123,828	98,733
Net cash from/(used in) investing activities	1,500	(169)	1,331
Net cash from/(used in) financing activities	30,746	(108,878)	(78,132)
Net increase in cash and cash equivalents	7,151	14,781	21,932
Cash and cash equivalents at the beginning of the financial year	15,725	80,115	95,840
Exchange differences	(35)	–	(35)
Cash and cash equivalents at the end of the financial year	22,841	94,896	117,737

The information above represents amounts after Group adjustments.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

32 PAYABLES

	Group		Company	
	2020	2019	2020	2019
Non-current				
Trade payables [note (A)]	79,184	81,375	–	–
Current				
Trade payables [note (A)]	948,145	985,381	60,624	57,739
Other payables	196,549	152,631	10,632	9,214
Accruals	103,400	166,015	34,116	42,653
Amounts due to subsidiaries [note (B)]	–	–	57,152	142,008
	1,248,094	1,304,027	162,524	251,614
Total payables	1,327,278	1,385,402	162,524	251,614

A. TRADE PAYABLES

Credit terms of trade payables range from 30 days to 60 days (2019: 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	
	2020	2019
Work performed to date	99,601	99,601
Accretion of discount	17,049	12,372
Progress billing to date	(29,412)	(22,544)
	87,238	89,429
Non-current		
Due later than 1 year	79,184	81,375
Current		
Due not later than 1 year	8,054	8,054
	87,238	89,429

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	
	2020	2019
At 1 January	142,008	267,033
Set-off on liquidation of subsidiaries	–	(14,531)
Net repayment to subsidiaries	(84,856)	(110,494)
Finance costs [Note 15]	–	722
Finance costs paid	–	(722)
At 31 December	57,152	142,008

33 BORROWINGS

	Group		Company	
	2020	2019	2020	2019
Non-current				
<u>Secured</u>				
Term loans [note (A)]	515,490	545,949	-	-
Islamic financing [note (B)]	891,155	968,589	431,061	497,092
Syndicated Islamic term financing [note (C)]	613,349	693,935	-	-
<u>Unsecured</u>				
Islamic Medium Term Notes [note (D)]	798,935	-	798,935	-
Amounts due to non-controlling interests [note (E)]	214,998	199,667	-	-
	3,033,927	2,408,140	1,229,996	497,092
Current				
<u>Secured</u>				
Term loans [note (A)]	36,324	15,010	-	-
Islamic financing [note (B)]	169,298	90,137	67,375	1,272
Syndicated Islamic term financing [note (C)]	84,833	76,624	-	-
<u>Unsecured</u>				
Term loans [note (A)]	-	49,155	-	-
Islamic Medium Term Notes [note (D)]	2,087	-	2,087	-
Revolving credits	-	560,745	-	-
Amounts due to non-controlling interests [note (E)]	-	4,476	-	-
	292,542	796,147	69,462	1,272
Total borrowings	3,326,469	3,204,287	1,299,458	498,364
Secured	2,310,449	2,390,244	498,436	498,364
Unsecured	1,016,020	814,043	801,022	-
Total borrowings	3,326,469	3,204,287	1,299,458	498,364

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

33 BORROWINGS (CONTINUED)

Movements in the borrowings are as follows:

	Group		Company	
	2020	2019	2020	2019
At 1 January	3,204,287	3,273,037	498,364	595,760
Long-term borrowings:				
– raised	872,704	717,498	800,000	–
– repaid	(188,299)	(404,590)	–	–
Incidental costs	(1,079)	(2,908)	(1,079)	(2,908)
Short-term borrowings (net)	(560,000)	(380,000)	–	(94,500)
Finance costs	139,468	166,139	19,056	26,925
Finance costs paid	(140,612)	(164,889)	(16,883)	(26,913)
At 31 December	3,326,469	3,204,287	1,299,458	498,364

A. TERM LOANS

	Group	
	2020	2019
Secured	551,814	560,959
Unsecured	–	49,155
Total	551,814	610,114
The maturity periods are as follows:		
– Less than 1 year	36,324	64,165
– Between 1 and 2 years	41,541	37,000
– Between 2 and 5 years	264,731	271,199
– More than 5 years	209,218	237,750
Total	551,814	610,114

The term loans of the Group are secured by way of charges over certain property, plant and equipment, investment properties and inventories.

33 BORROWINGS (CONTINUED)

B. ISLAMIC FINANCING – SECURED

	Group		Company	
	2020	2019	2020	2019
The maturity periods are as follows:				
– Less than 1 year	169,298	90,137	67,375	1,272
– Between 1 and 2 years	198,664	239,608	66,515	66,031
– Between 2 and 5 years	477,743	397,466	199,545	199,546
– More than 5 years	214,748	331,515	165,001	231,515
Total	1,060,453	1,058,726	498,436	498,364

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	
	2020	2019
The maturity periods are as follows:		
– Less than 1 year	84,833	76,624
– Between 1 and 2 years	80,586	80,586
– Between 2 and 5 years	243,997	241,758
– More than 5 years	288,766	371,591
Total	698,182	770,559

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

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 2020 is RM1,573.4 million (2019: RM1,670.9 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

During the financial year, 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 2020 are as follows:

Issuance Type	Tenor (Years)	Periodic distribution rate (per annum)	Normal 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⁺_{1/5} with a stable outlook by Malaysian Rating Corporation Berhad.

33 BORROWINGS (CONTINUED)

E. 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.

F. OTHER INFORMATION ON BORROWINGS

	Group		Company	
	2020 % per annum	2019 % per annum	2020 % per annum	2019 % per annum
i. Islamic financing				
The average effective distribution payments are as follows:				
– Islamic financing	3.00	4.44	2.86	4.38
– Syndicated Islamic term financing	7.00	7.00	–	–
– Islamic Medium Term Notes	3.40	–	3.40	–

	Group	
	2020 % per annum	2019 % per annum
ii. Conventional financing		
The average effective interest rates are as follows:		
– Term loans	3.26	4.52
– Revolving credits	–	3.84
– Amounts due to non-controlling interests	3.60	4.67

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

33 BORROWINGS (CONTINUED)

F. OTHER INFORMATION ON BORROWINGS (CONTINUED)

iii. Secured financing

As at 31 December 2020, borrowings amounting to RM2,310.4 million (2019: RM2,390.2 million) and RM498.4 million (2019: 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	
	2020	2019	2020	2019
Property, plant and equipment [Note 19]	70,859	72,719	–	–
Investment properties [Note 20]	177,734	144,630	–	–
Inventories [Note 26]	761,447	666,872	47,621	39,905
Contract assets [Note 27]	1,467,322	1,530,072	–	–
Other assets	106,038	140,778	–	–
	2,583,400	2,555,071	47,621	39,905

34 LEASE LIABILITIES

	Group		Company	
	2020	2019	2020	2019
At 1 January	91,712	23,096	9,725	19,053
Additions	7,022	83,281	23,134	–
Finance costs [Note 15]	3,971	4,320	240	619
Repaid	(19,824)	(18,484)	(9,828)	(9,947)
Rent concessions received	–	–	(166)	–
Exchange differences	56	(501)	–	–
At 31 December	82,937	91,712	23,105	9,725
Non-current				
Due later than 1 year	66,057	74,042	15,679	–
Current				
Due not later than 1 year	16,880	17,670	7,426	9,725
	82,937	91,712	23,105	9,725

34 LEASE LIABILITIES (CONTINUED)

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 41(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	
	2020	2019	2020	2019
Short-term leases	2,548	4,970	278	966
Leases of low-value assets	808	830	339	517
	3,356	5,800	617	1,483

B. TOTAL CASH OUTFLOW

The total cash outflow for leases are as follows:

	Group		Company	
	2020	2019	2020	2019
<u>Included in cashflow used in operating activities</u>				
Lease payments associated with				
– short-term leases	2,548	4,970	278	966
– leases of low-value assets	808	830	339	517
<u>Included in cashflow used in financing activities</u>				
Finance cost	3,971	4,320	240	619
Principal portion of the lease liabilities	15,853	14,164	9,588	9,328
Total cash outflow	23,180	24,284	10,445	11,430

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

35 PROVISIONS

Group	Obligation in relation to a property disposed	Construction and relocation cost	Total
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
2019			
At 1 January 2019	54,627	54,196	108,823
Additions	65,801	23,756	89,557
Reclassified to investment properties [Note 20]	(22,268)	–	(22,268)
Utilised	–	(1,405)	(1,405)
Exchange differences	1,172	22	1,194
At 31 December 2019	99,332	76,569	175,901
Non-current	99,332	–	99,332
Current	–	76,569	76,569
	99,332	76,569	175,901

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.

Part of the undertaking has been converted into a leaseback arrangement. As such, provision amounting to RM2.9 million (2019: RM22.3 million) has been reclassified to investment properties as impairment losses of the right to use the underlying asset for the lease term.

35 PROVISIONS (CONTINUED)

B. CONSTRUCTION AND RELOCATION COSTS

The provision for construction and relocation costs are made following contractual obligations in relation to property development projects.

36 ACQUISITIONS

In September 2020, Harvard Golf Resort (Jerai) Berhad ("HGRB") completed the Selective Capital Reduction and Repayment Exercise ("SCR") for a total cash consideration of RM2.8 million. Following the SCR, the Group's interest in HGRB has increased from 99.9% to 100.0%.

Details of net cash outflow on acquisition of non-controlling interest by the Group for the financial year are as follows:

	Group
Non-controlling interest acquired	(262)
Premium on acquisition	3,100
Net cash outflow on acquisition of non-controlling interest	2,838

37 CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITIES

i. Claim against Sime Darby Property (Ara Damansara) Sdn Bhd ("SDPAD")

A civil suit was commenced by 72 purchasers of Ara Hill ("Plaintiffs") against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD's alleged breaches of the terms of the sale and purchase agreements ("SPAs") and the provisions of various statutes 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 and further trial dates (including a site visit) have been fixed from April 2021 till July 2021. In January 2020, the Plaintiffs filed an application to court to summarily dispose with some of the issues to be tried by exchange of affidavits, i.e., without a full trial ("Encl. 142"). The Plaintiffs filed another application in March 2020 to court to amend their Amended Statement of Claim ("Amendment Application"). On 10 August 2020 the court allowed the Amendment Application and the Encl. 142 application was dismissed on 15 December 2020 with costs for both applications to be paid by the Plaintiffs to SDPAD.

The Plaintiffs' claim is divided into various allegations 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

37 CONTINGENT LIABILITIES 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 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 its Re-Amended Statement of Claim where it had, amongst others, re-amended its claim for specific damages from approximately RM41.9 million (pursuant to its Amended Statement of Claim of 19 June 2020) to approximately RM42 million. On 12 March 2021, the Respondent had also made consequential amendments to its Re-Amended Statement of Defence and Counterclaim of 26 June 2020 and filed its 2nd Re-Amended Statement of Defence and Counterclaim.

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 is currently ongoing. Further hearing dates have been fixed in from March 2021 and July 2021.

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.

B. COMMITMENTS

i. Capital commitments

	Group		Company	
	2020	2019	2020	2019
Authorised capital expenditure not provided for in the financial statements:				
Contracted:				
– property, plant and equipment	4,404	10,524	2,010	2,270
– investment properties	631	37,016	–	–
– intangible assets	456	938	–	938
	5,491	48,478	2,010	3,208
Not contracted:				
– investment properties	128,589	105,960	–	–
– property, plant and equipment	45,717	34,338	8,251	10,895
– intangible assets	6,083	1,203	5,742	–
	185,880	189,979	16,003	14,103

37 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

B. COMMITMENTS (CONTINUED)

ii. Commitment in relation to joint venture:

Pursuant to the Subscription and Shareholders' Agreement, which is reiterated through Letters of Undertaking issued by the shareholders of Battersea Project Holding Company Limited ("Battersea") to Battersea, the shareholders are committed to subscribe for shares in Battersea in proportion to their respective shareholdings when a capital call is made for the purpose of ensuring Battersea and its subsidiaries are able to meet their respective funding obligations. The Group's portion of the commitment as at 31 December 2020 is estimated up to £150.0 million (equivalent to RM823.9 million) (2019: £140.0 million, equivalent to RM754.3 million).

The Board of Directors has also authorised the subscription of shares in Sime Darby Property MIT Development Sdn Bhd in proportion to the Group's shareholding in the joint venture. As at 31 December 2020, the limit of equity injection authorised is RM57.6 million (2019: RM70.0 million).

38 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

38 SEGMENT INFORMATION – GROUP (CONTINUED)

A. SEGMENT RESULTS

2020	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)	–
Cost of sales	1,922,451 (1,664,246)	78,787 (62,941)	73,186 (44,580)	(11,643) 674	2,062,781 (1,771,093)
Gross profit	258,205	15,846	28,606	(10,969)	291,688
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)	39,421	(12,554)	(27,395)	–	(528)
Share of results of joint ventures and associates	(394,849)	(26,481)	–	–	(421,330)
Segment results	(355,428)	(39,035)	(27,395)	–	(421,858)
Other losses	(12,169)	(75,409)	(444)	–	(88,022)
Loss before interest and taxation	(367,597)	(114,444)	(27,839)	–	(509,880)
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	(131,293)	–	–	–	(131,293)
Write-off of:					
– property, plant and equipment	(236)	(1)	–	–	(237)
– inventories	(73,111)	–	–	–	(73,111)

38 SEGMENT INFORMATION – GROUP (CONTINUED)

A. SEGMENT RESULTS (CONTINUED)

2020	Property development	Investment and asset management	Leisure	Elimination	Total
Included in other losses are:					
Gain on disposal of property, plant and equipment	5	–	10	–	15
(Impairment losses)/Reversal of impairment losses 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	–	(19,679)	–	–	(19,679)
Adjustment to variable consideration in respect of property disposal in prior year	–	(31,098)	–	–	(31,098)

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

38 SEGMENT INFORMATION – GROUP (CONTINUED)

A. SEGMENT RESULTS (CONTINUED)

2019	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	3,000,970	88,389	90,635	–	3,179,994
Inter-segment	371	9,965	3,673	(14,009)	–
	3,001,341	98,354	94,308	(14,009)	3,179,994
Cost of sales	(2,268,454)	(64,395)	(61,030)	6,149	(2,387,730)
Gross profit	732,887	33,959	33,278	(7,860)	792,264
Other operating income	9,228	59	413	–	9,700
Selling and marketing expenses	(112,361)	(5,914)	(1,488)	–	(119,763)
Administrative and other expenses	(166,539)	(24,622)	(58,346)	7,860	(241,647)
Operating profit/(loss)	463,215	3,482	(26,143)	–	440,554
Share of results of joint ventures and associates	(31,383)	1,535	–	–	(29,848)
Segment results	431,832	5,017	(26,143)	–	410,706
Other (losses)/gains	(13,989)	(34,693)	205,315	–	156,633
Profit/(loss) before interest and taxation	417,843	(29,676)	179,172	–	567,339
Included in segment results are:					
Depreciation and amortisation	(13,816)	(18,876)	(20,433)	–	(53,125)
Impairment losses on receivables	(4,017)	(6,710)	(52)	–	(10,779)
Reversal of impairment losses on receivables	983	331	84	–	1,398
Write-down of inventories	(65,687)	–	–	–	(65,687)
Reversal of write-down of inventories	22,369	–	–	–	22,369
Write-off of:					
– property, plant and equipment	–	–	(109)	–	(109)
– inventories	(9,723)	–	–	–	(9,723)

38 SEGMENT INFORMATION – GROUP (CONTINUED)

A. SEGMENT RESULTS (CONTINUED)

2019	Property development	Investment and asset management	Leisure	Elimination	Total
Included in other (losses)/ gains are:					
Gain on disposal of property, plant and equipment	2	31,108	215,122	–	246,232
Impairment losses on					
– investment properties	–	–	(9,811)	–	(9,811)
– amounts due from a joint venture	(14,921)	–	–	–	(14,921)
Provision on obligation for property disposed	–	(65,801)	–	–	(65,801)

B. SEGMENT ASSETS AND LIABILITIES AND ADDITIONS TO NON-CURRENT ASSETS

2020	Property development	Investment and asset management	Leisure	Elimination	Total
Segment assets:					
Operating assets	9,197,742	2,408,814	550,092	(515,437)	11,641,211
Joint ventures and associates	2,432,752	233,262	–	(46,614)	2,619,400
	11,630,494	2,642,076	550,092	(562,051)	14,260,611
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

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

38 SEGMENT INFORMATION – GROUP (CONTINUED)

B. SEGMENT ASSETS AND LIABILITIES AND ADDITIONS TO NON-CURRENT ASSETS (CONTINUED)

2019	Property development	Investment and asset management	Leisure	Elimination	Total
Segment assets:					
Operating assets	9,333,152	2,570,431	590,648	(558,786)	11,935,445
Joint ventures and associates	2,746,022	244,730	–	(46,614)	2,944,138
	12,079,174	2,815,161	590,648	(605,400)	14,879,583
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

Capital expenditure consists of the following:

	2020	2019
Property, plant and equipment	24,030	16,890
Investment properties	14,206	153,372
Intangible assets	3,230	2,247
	41,466	172,509

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2020	2019
Malaysia	1,929,374	3,157,341
Australia	120,492	9,334
Singapore	11,893	11,919
Vietnam	549	880
United Kingdom	473	520
	2,062,781	3,179,994

38 SEGMENT INFORMATION – GROUP (CONTINUED)

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	2020	2019
Malaysia	7,229,600	7,396,530
United Kingdom	2,385,459	2,701,556
Singapore	69,247	86,754
Vietnam	5,907	6,675
Australia	–	116
	9,690,213	10,191,631

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2020	2019
Non-current assets other than financial instruments and deferred tax assets	9,690,213	10,191,631
Investments	56,276	58,788
Deferred tax assets	592,235	579,376
Receivables	80,790	50,790
	10,419,514	10,880,585

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
Segment total	14,260,611	14,879,583	1,954,325	1,913,828
Tax assets/liabilities	624,438	602,710	231,862	322,460
Borrowings	–	–	3,326,469	3,204,287
Lease liabilities	–	–	82,937	91,712
Total	14,885,049	15,482,293	5,595,593	5,532,287

During the financial year ended 31 December 2020, included in the Group's revenue is a one-off land sale amounting to RM118.9 million (2019: RM112.5 million) to a single customer.

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

39 RELATED PARTIES

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2020	2019
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	(232,828)	(77,906)

B. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 58.6% (2019: 56.8%) as at 31 December 2020 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered by the Group and the Company with shareholders and government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

	Group		Company	
	2020	2019	2020	2019
Transactions with shareholders and Government:				
<u>Yayasan Sime Darby</u>				
– Contribution paid to Yayasan Sime Darby	(10,000)	(20,000)	(5,000)	(13,000)
<u>Sime Darby Berhad Group</u>				
– Rental income	11,893	11,865	–	–
– Annual branding royalty fee	(2,000)	(2,000)	(2,000)	(2,000)
<u>Sime Darby Plantation Berhad Group</u>				
– Rental income	7,428	5,988	2,692	2,300

39 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	
	2020	2019	2020	2019
C. Transactions with joint ventures				
<u>Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd</u>				
– Recovery of construction costs	4,212	–	–	–
<u>Aster Real Estate Investment Trust 1</u>				
– Rental paid	(17,415)	(17,370)	–	–
D. Transactions with Directors, key management personnel and their close family members				
Remuneration of Directors and key management personnel				
– salaries, fees and other emoluments	9,151	13,927	9,151	13,927
– defined contribution plan	856	1,636	856	1,636
– estimated monetary value of benefits by way of usage of the Group's and of the Company's assets	370	506	370	506
Sale of properties to Directors of the Company	–	1,729	–	–
Sale of properties to key management personnel of the Company	–	2,733	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group	
	2020	2019
E. Outstanding balances with related parties		
<u>Amount due to non-controlling interest</u>		
<u>Included in borrowings</u>		
Brunsfeld Metropolitan Sdn Bhd	214,998	199,667
Tunas Selatan Pagoh Sdn Bhd	–	4,476
<u>Included in payables</u>		
Brunsfeld Metropolitan Sdn Bhd	90,230	90,230
Brunsfeld Engineering Sdn Bhd	36,522	11,814

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 12, 13, 21, 25, 32 and 34.

Other than as disclosed above, there were no material contracts subsisting as at 31 December 2020 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 or substantial shareholders.

40 FINANCIAL INSTRUMENTS

A. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Valuation inputs (other than Level 1 input) that are observable for the asset or liability
- Level 3 Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

40 FINANCIAL INSTRUMENTS (CONTINUED)

A. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The fair values of the Group's and the Company's investments are categorised as follows:

	Group/Company	
	2020	2019
Level 1 – quoted shares	2,083	2,297
Level 3 – unquoted shares	54,193	56,491
	56,276	58,788

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 relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
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
2019				
Payables	1,385,402	1,387,446	251,614	251,614
Borrowings	3,204,287	3,264,557	498,364	498,364
Lease liabilities	91,712	92,547	9,725	9,735

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

41 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	
	2020	2019	2020	2019
Fixed rate borrowings	1,499,204	775,035	801,022	–
Floating rate borrowings	1,827,265	2,429,252	498,436	498,364
Total borrowings	3,326,469	3,204,287	1,299,458	498,364
Percentage of fixed rate borrowings over total borrowings	45.1%	24.2%	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 (loss)/profit after taxation and other comprehensive (loss)/income will be affected by higher interest expense as follows:

	Group		Company	
	2020	2019	2020	2019
Higher interest expense	3,472	4,616	947	947

41 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						
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
2019						
Payables	1,169,068	88,105	87,123	98,265	1,442,561	1,385,402
Borrowings	882,901	457,367	1,091,844	1,284,363	3,716,475	3,204,287
Lease liabilities	18,446	18,438	43,596	63,665	144,145	91,712
	2,070,415	563,910	1,222,563	1,446,293	5,303,181	4,681,401
Company						
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
2019						
Payables	241,807	1,322	8,485	–	251,614	251,614
Borrowings	21,600	85,241	239,568	239,590	585,999	498,364
Lease liabilities	9,947	–	–	–	9,947	9,725
	273,354	86,563	248,053	239,590	847,560	759,703

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

C. CREDIT RISK

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	Maximum exposure	Collateral and credit enhancements	Maximum exposure	Collateral and credit enhancements
2020				
Net 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
2019				
Net receivables	679,501	536,184	1,629,236	29,822
Contract assets	2,517,285	987,213	101,215	101,215
Cash held under Housing Development Accounts	456,706	–	90,294	–
Bank balances, deposits and cash	286,632	–	99,308	–
	3,940,124	1,523,397	1,920,053	131,037

42 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.

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, joint ventures and associates which are active as at 31 December 2020 are as follows:

Name of company	Principal activities	Country of incorporation	Group’s effective interest (%)		Auditors
			2020	2019	
Subsidiaries					
Harvard Golf Resort (Jerai) Berhad	Leasing of clubhouse building and golf course	Malaysia	100.0	99.0	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 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 Constant Skyline Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	70.0	70.0	1

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2020 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2020	2019	
Subsidiaries (continued)					
Sime Darby Property (Ainsdale) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ampar Tenang) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Ara Damansara) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Asset I) Sdn Bhd (formerly known as Sime Wood Industries 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	–	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 (Chemara) Sdn Berhad	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 (Golfhome) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2020 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2020	2019	
Subsidiaries (continued)					
Sime Darby Property (Golftek) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ironwood) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (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 investment and 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
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 and property investment	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

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2020 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2020	2019	
Subsidiaries (continued)					
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 (USJ) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Utara) Sdn Bhd	Property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	100.0	100.0	1
Sime Darby Property 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

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2020 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2020	2019	
Subsidiaries (continued)					
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
Darby Park (Management) Pte Ltd	Property investment and management of service residences	Singapore	100.0	100.0	3
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	100.0	100.0	2
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	100.0	100.0	3
OSC Sunrise Apartment Company Limited	Operation of service residences	Vietnam	65.0	65.0	2
Sime Darby Property (Hong Kong) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Brunsfield Australia Pte Ltd	Investment holding	British Virgin Islands	60.0	60.0	4
Sime Darby Property (London) Limited	Property investment holding	United Kingdom	100.0	100.0	2

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 31 December 2020 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2020	2019	
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 Bhd	Property development and investment holding	Malaysia	50.0	50.0	1
Sime Darby Property Sunrise Development Sdn Bhd (formerly known as Sime Darby 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
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	40.0	40.0	2
Battersea Power Station Development Company Limited	Development management services	United Kingdom	40.0	40.0	2
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	40.0	40.0	2
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

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries which are dormant/inactive as at 31 December 2020 are as follows:

Name of company	Country of incorporation	Group’s effective interest (%)		Auditors
		2020	2019	
Subsidiaries				
Sime Darby Brunsfield Property Sdn Bhd	Malaysia	70.0	70.0	1
Sime Darby Builders Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Kulai) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property Real Estate Management Pte Ltd	Singapore	100.0	100.0	3
OCI Management Pty Ltd	Australia	60.0	60.0	4
Sime Darby Serenity Cove Pty Limited	Australia	60.0	60.0	4
Key Access Holdings Limited	British Virgin Islands	100.0	100.0	4
Vibenum Limited	Guernsey	100.0	100.0	4
Robt Bradford Hobbs Savill Limited	United Kingdom	98.6	98.6	2
Robt Bradford & Co Limited	United Kingdom	100.0	100.0	2

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 (%)	
		2020	2019
Subsidiaries			
Darby Park (Singapore) Pte Ltd	Singapore	–	100.0
Sime Darby Australia Limited	Australia	–	100.0

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

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 requirement to appoint auditors.

44 SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

A. COVID-19 PANDEMIC

As at the end of the financial year, the COVID-19 pandemic that had severely impacted the financial performance for year ended 31 December 2020 is still evolving. Stricter movement controls and lockdown were reimposed by the Malaysian and the United Kingdom government respectively following the escalation of the infection rates. As such, the financial performance for the financial year ending 31 December 2021 is expected to remain challenging. Nevertheless, the Group and the Company are implementing appropriate measures to minimise the impact.

B. 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 cease when the development project is launched or ready for its intended use or sale.

Prior to 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 sale in profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The Group will apply this Agenda Decision with effect from 1 January 2021. The Agenda Decision will be 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.

44 SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR (CONTINUED)

B. AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION") (CONTINUED)

Based on the Group's assessment, the estimated 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)	13,522	(1,757,571)
Gross profit	291,688	13,522	305,210
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)	13,522	12,994
Other losses	(88,022)	–	(88,022)
Share of results	(421,330)	428	(420,902)
Loss before interest and taxation	(509,880)	13,950	(495,930)
Finance income	109,944	–	109,944
Finance costs	(44,774)	(58,494)	(103,268)
Loss before taxation	(444,710)	(44,544)	(489,254)
Taxation	(70,973)	10,747	(60,226)
Loss for the financial year	(515,683)	(33,797)	(549,480)
Loss for the financial year attributable to:			
– owners of the Company	(478,802)	(31,909)	(510,711)
– non-controlling interests	(36,881)	(1,888)	(38,769)
	(515,683)	(33,797)	(549,480)
Basic loss per share attributable to owners of the Company (Sen)	(7.0)	(0.5)	(7.5)

Notes to the Financial Statements

For the financial year ended 31 December 2020

Amounts in RM thousand unless otherwise stated

44 SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR (CONTINUED)

B. AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION") (CONTINUED)

Based on the Group's assessment, the estimated 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	22,287	601,663
Other non-current assets	7,496,208	–	7,496,208
	10,880,585	17,702	10,898,287
CURRENT ASSETS			
Inventories	1,989,843	(93,057)	1,896,786
Other current assets	2,611,865	–	2,611,865
	4,601,708	(93,057)	4,508,651
TOTAL ASSETS	15,482,293	(75,355)	15,406,938
EQUITY			
Attributable to owners of the Company	9,721,710	(69,047)	9,652,663
Non-controlling interests	228,296	(6,308)	221,988
	9,950,006	(75,355)	9,874,651
TOTAL LIABILITIES	5,532,287	–	5,532,287
TOTAL EQUITY AND LIABILITIES	15,482,293	(75,355)	15,406,938

44 SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR (CONTINUED)

B. AGENDA DECISION ON IAS 23 BORROWING COSTS RELATING TO OVER TIME TRANSFER OF CONSTRUCTED GOOD ("AGENDA DECISION") (CONTINUED)

Based on the Group's assessment, the estimated 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	33,034	625,269
Other non-current assets	7,347,021	–	7,347,021
	10,419,514	28,877	10,448,391
CURRENT ASSETS			
Inventories	1,877,269	(138,029)	1,739,240
Other current assets	2,588,266	–	2,588,266
	4,465,535	(138,029)	4,327,506
TOTAL ASSETS	14,885,049	(109,152)	14,775,897
EQUITY			
Attributable to owners of the Company	9,103,693	(100,956)	9,002,737
Non-controlling interests	185,763	(8,196)	177,567
	9,289,456	(109,152)	9,180,304
TOTAL LIABILITIES	5,595,593	–	5,595,593
TOTAL EQUITY AND LIABILITIES	14,885,049	(109,152)	14,775,897

The adoption of Agenda Decision did not result in changes to the Company's results for the financial year ended 31 December 2020 and financial positions as at 1 January 2020 and 31 December 2020.

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 2021.

Analysis of Shareholdings

as at 15 March 2021

Issued and Paid-Up Share Capital : 6,800,839,377
 Class of Shares : Ordinary Shares
 Number of Shareholders : 27,947
 Voting Rights : 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,762	9.882	70,800	0.001
100 to 1,000 shares	6,221	22.259	3,751,794	0.055
1,001 to 10,000 shares	13,653	48.853	49,471,269	0.727
10,001 to 100,000 shares	4,337	15.518	123,261,347	1.812
100,001 to less than 5% of issued shares	970	3.470	2,103,962,112	30.936
5% and above of issued shares	4	0.014	4,520,322,055	66.467
TOTAL	27,947	100.00	6,800,839,377	100.00

ANALYSIS OF EQUITY STRUCTURE AS PER THE RECORD OF DEPOSITORS

Category of Holders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individual	23,194	82.993	255,320,460	3.752
Bank/Finance Companies	47	0.168	4,476,433,174	65.821
Investment Trusts/Foundation/Charities	16	0.057	3,618,227	0.052
Industrial and Commercial Companies	624	2.233	203,330,309	2.988
Government Agencies/Institutions	1	0.004	1,065,890	0.015
Nominees	4,062	14.535	1,860,965,042	27.361
Others	2	0.007	105,275	0.001
Trustee	1	0.004	1,000	0.000
TOTAL	27,947	100.00	6,800,839,377	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No. Name of Shareholders	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/ Deemed Interest)	% of Issued Shares
1 Amanahraya Trustees Berhad – Amanah Saham Bumiputera	3,059,117,200	44.981	–	–
2 Employees Provident Fund Board	652,246,545	9.591	11,052,400	0.163
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.

TOP THIRTY (30) SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	3,059,117,200	44.981
2	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	652,246,545	9.591
3	Permodalan Nasional Berhad	407,220,492	5.988
4	Kumpulan Wang Persaraan (Diperbadankan)	401,737,818	5.907
5	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i>	138,000,000	2.029
6	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	118,109,900	1.736
7	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	112,897,400	1.660
8	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	73,066,227	1.074
9	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	60,760,649	0.893
10	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	53,885,437	0.792
11	Guoline (Singapore) Pte Ltd	50,701,700	0.745
12	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	49,532,542	0.728
13	Pertubuhan Keselamatan Sosial	45,053,765	0.662
14	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	43,039,724	0.632
15	HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for Kuwait Investment Office (KIO)</i>	41,043,100	0.603
16	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 3 – Didik</i>	40,274,300	0.592
17	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Norges Bank (FI 17)</i>	38,964,700	0.572

Analysis of Shareholdings

as at 15 March 2021

TOP THIRTY (30) SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
18	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank & Trust Company (West CLT OD67)</i>	38,111,815	0.560
19	Quek Leng Chan	36,500,000	0.536
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	35,000,000	0.514
21	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)</i>	32,230,416	0.473
22	Amanahraya Trustees Berhad <i>Public Islamic Dividend Fund</i>	27,975,463	0.411
23	DB (Malaysia) Nominees (Asing) Sdn Bhd <i>SSBT Fund TGCQ for Intel Retirement Plans Collective Investment Trust</i>	25,963,200	0.381
24	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>The Bank of New York Mellon for Willis Towers Watson Group Trust</i>	23,726,300	0.348
25	Hong Leong Assurance Berhad <i>As Beneficial Owner (Life PAR)</i>	22,261,931	0.327
26	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	20,345,588	0.299
27	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)</i>	20,207,679	0.297
28	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund</i>	20,157,800	0.296
29	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 3)</i>	19,200,502	0.282
30	Associated Land Sendirian Berhad	18,367,000	0.270
TOTAL		5,725,699,193	84.191

List of Material Properties Held by the Group

as at 31 December 2020

Location	Tenure	Land area (acres)	Year of acquisition	Net book value (RM thousand)
LAND HELD FOR DEVELOPMENT AND UNDER DEVELOPMENT				
MALAYSIA				
Kedah Darul Aman				
Jerai, Kuala Muda	Freehold	928	2007	36,382
Victoria, Kulim	Freehold	71	1992	1,525
Taman Sungai Dingin, Kulim	Freehold	4	2007	39
Selangor Darul Ehsan				
Elmina West, Sungai Buloh	Freehold	2,410	1985	593,947
Bandar Bukit Raja, Klang	Freehold	2,704	2007	359,381
Kota Elmina, Rawang	Freehold	1,540	1985	358,563
Putra Heights, Subang Jaya	Freehold	77	1992	264,359
Ara Damansara, Petaling Jaya	Freehold	55	1985	259,937
Taipan City, Subang	Freehold	35	1992	253,242
Serenia City, Sepang	Freehold	1,414	2008	207,237
Elmina East, Sungai Buloh	Freehold	630	1985	184,571
Subang Jaya City Centre, Subang Jaya	Freehold	28	1964-2013	178,182
Bukit Jelutong, Shah Alam	Freehold	151	1985	110,919
Melawati Development, Hulu Kelang	Freehold	49	1978	95,816
Bukit Lagong, Rawang	Freehold	1,552	1985	58,656
Bukit Subang, Shah Alam	Freehold	8	1985	13,520
Acob, Klang	Freehold	235	1995	11,777
USJ Heights, Subang Jaya	Freehold	11	1995	8,743
Semenyih, Ulu Langat	Freehold	2	1985	3,309
Saujana Impian, Kajang	Freehold	4	1987	3,113
Sungai Kapar Indah, Klang	Freehold	3	1985	2,465

List of Material Properties Held by the Group

as at 31 December 2020

Location	Tenure	Land area (acres)	Year of acquisition	Net book value (RM thousand)
LAND HELD FOR DEVELOPMENT AND UNDER DEVELOPMENT (CONTINUED)				
MALAYSIA (CONTINUED)				
Kuala Lumpur				
Bukit Kiara	Leasehold expiring 2111	51	1991	919,443
Negeri Sembilan Darul Khusus				
New Labu/Sg Sekah/Hamilton, Nilai	Freehold	2,972	1995-2017	982,891
Nilai Impian/Utama, Nilai	Freehold	573	1992-1996	393,295
Planters' Haven, Nilai	Freehold	179	1995	42,442
Sua Betong, Port Dickson	Freehold	373	1985	9,971
Rasah, Seremban	Freehold	18	1995	6,637
	Leasehold expiring 2066	6	1995	244
Dengkil, Sepang	Freehold	2	1995	3,953
Johor Darul Takzim				
Pagoh, Muar	Leasehold expiring 2111	3,209	2012	409,985
	Freehold	17	2012	1,891
Taman Pasir Putih, Pasir Gudang	Freehold	16	1984	14,240
Sabah				
Mostyn, Kunak	Leasehold expiring 2058	144	2006	801

Location	Tenure	Land area (acres)	Year of acquisition	Age of buildings (Years)	Description	Net book value (RM thousand)
INVESTMENT PROPERTIES						
MALAYSIA						
Kuala Lumpur						
KL East, Taman Melawati	Freehold	7	2020	1	KL East Mall	378,323
		7	2015	4-6	Piazza and 2-storey car park	26,816
Wisma MRT, Jalan Gelenggang, Damansara Heights	Freehold	1	1985	38	5-storey office building	9,752
Selangor Darul Ehsan						
Oasis Square, Ara Damansara	Freehold	3	2010	11	2 blocks of 12-storey office building and basement car park	212,155
Oasis Corporate Park, Ara Damansara	Freehold	–	2017	4	Car park	36,585
Wisma Zuellig, Petaling Jaya	Leasehold expiring 2059	3	2000	28	6-storey industrial building	32,597
Sime Darby Pavillion, Bukit Jelutong, Shah Alam	Freehold	7	1999	22	3-storey commercial building	23,679
Taman Subang Ria, Subang Jaya	Leasehold expiring 2087	73	1995	–	Land for investment property	298
LEISURE PROPERTIES						
MALAYSIA						
Kedah Darul Aman						
Harvard Golf & Country Club/Hotel, Bedong	Freehold	915	1985	23-25	Golf course, clubhouse and hotel	18,749
Kuala Lumpur						
Tournament Players Club (TPC), Bukit Kiara	Leasehold expiring 2087	279	1991	10-28	2 18-hole golf course and clubhouse	236,777
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2111	4	2006	15	Convention centre	87,842
Selangor Darul Ehsan						
Impian Golf & Country Club, Kajang	Freehold	149	1997	24	18-hole golf course and country club	54,611
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	22	2004	10-17	Cricket club and lawn bowl sports facilities	36,513
VIETNAM						
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold expiring 2030	2	1995	28	69 units of apartment	5,813

Corporate Directory

Corporate Head Office

Sime Darby Property Berhad

Level 10, Block G,
No. 2, Jalan PJU 1A/7A, Ara Damansara,
PJU 1A, 47301 Petaling Jaya, Selangor
Tel: 03-7849 5000

Property Investment, Hospitality and Leisure

Melawati Mall

UP2-01,
Centre Management Office,
Melawati Mall 355,
Jalan Bandar Melawati,
Pusat Bandar Melawati,
53100 Kuala Lumpur
Tel: 03-4161 8720

KL East Mall

Level 1,
Centre Management Office,
KL East Mall,
823, Jalan Lingkaran Tengah 2,
KL Timur, 53100 Kuala Lumpur

TPC Kuala Lumpur

10, Jalan 1/70D,
Off Jalan Bukit Kiara,
60000 Kuala Lumpur
Tel: 03-2011 9188

Sime Darby Convention Centre

1A, Jalan Bukit Kiara 1,
60000 Kuala Lumpur
Tel: 03-2089 3688

Impian Golf & Country Club

14th Mile, Jalan Cheras,
43000 Kajang, Selangor
Tel: 03-8734 4195/96/97

Subsidiaries

Sime Darby Brunsfield Holding Sdn Bhd

Level 8, Block G,
No. 2A, Jalan PJU 1A/2,
Ara Damansara,
47301 Petaling Jaya, Selangor
Tel: 03-7849 5181

Sime Darby Property Selatan Sdn Bhd

Level 9, Block G,
No.2 Jalan PJU 1A/7A,
Ara Damansara,
PJU 1A, 47301 Petaling Jaya,
Selangor
Tel: 03-7849 5000

Operations Office:

Block B,
Jalan Eduhub Gunasama 1/10,
Hab Pendidikan Tinggi Pagoh,
84600 Pagoh, Johor
Tel: 06-974 2406/2407

Overseas

Battersea Power Station Development Company

188, Kirtling Street, London,
SW8 5BN, United Kingdom,
Tel: +44 020 7501 0678

Darby Park Serviced Residences

5 Le Quy Don Street
Vung Tau City, Vietnam
Tel: +84 254 385 4933

Sime Darby Property Singapore Limited

Sime Darby Business Centre,
315 Alexandra Road,
#03-02 Sime Darby Business Centre,
15944 Singapore
Tel: +65 6460 2849

Sime Darby Property Sales Galleries (including Joint Ventures and Associates)

KUALA LUMPUR

The International Gallery at KLGCC Resort Kuala Lumpur

No. 2A, Jalan Bukit Kiara 1,
Bukit Kiara,
60000 Kuala Lumpur
Tel: 03-2080 9088
Hotline: 1-800-88-1118

KL East & Melawati

Sime Darby Property at KL East
Off Middle Ring Road 2,
Desa Melawati,
53100 Kuala Lumpur
Tel: 03-4162 1788
Hotline: 1-800-88-1118

**Sime Darby Property Sales
Galleries (including Joint Ventures
and Associates) (Cont'd.)**

SELANGOR

Bandar Bukit Raja

Jalan Gamelan 1E,
Bandar Bukit Raja,
41200 Klang, Selangor
Tel: 03-3361 7288
Hotline: 1-800-88-1118

Cantara

Jalan PJU 1A/A, Ara Damansara,
47301 Petaling Jaya, Selangor
Tel: 03-7849 5511
Hotline: 1-800-88-1118

**Bukit Jelutong & City of Elmina
Sime Darby Property at City of
Elmina**

Elmina Pavilion, Persiaran Eserina,
Elmina East Sek U16,
40160 Shah Alam, Selangor
Tel: 03-7831 2253
Hotline: 1-800-88-1118

Putra Heights

The Glades Plaza

Off Persiaran Putra Perdana,
Section 3, 47650 Subang Jaya,
Selangor
Tel: 03-5198 0888
Hotline: 1-800-88-1118

RSKU@ Putra Heights

2nd Floor, The Glades Plaza,
Off Persiaran Putra Perdana,
Seksyen 3, Putra Heights
47650 Subang Jaya, Selangor
Tel: 03-5614 3272
Hotline: 1-800-88-1118

**Sime Darby Property Sales
Galleries (including Joint Ventures
and Associates) (Cont'd.)**

Saujana Impian

Sime Darby Property at Vista
Mohagani,
Jalan Impian Gemilang,
Saujana Impian,
43000, Kajang, Selangor
Tel: 03-8740 2472
Hotline: 1-800-88-1118

Serenia City

Lot 27999,
Jalan Pintas Dengkil-Putrajaya
(FT29),
Bandar Serenia,
43900 Sepang, Selangor
Tel: 03-8760 0505
Hotline: 1-800-88-1118

SJCC Gallery

Jalan SS 16/1
47500 Subang Jaya, Selangor
Tel: 03-5631 8888
Hotline: 1-800-88-1118

PJ Midtown

G-5, Jalan Kemajuan
Seksyen 13, 46200
Petaling Jaya
Tel: 03-7843 9898
Hotline: 1-800-88-1118

Radia Bukit Jelutong

No. 2A (Lot 64406)
Persiaran Tebar Layar,
Seksyen U8, Bukit Jelutong,
40150 Shah Alam, Selangor
Tel: 03-7859 9801
Hotline: 1-800-88-1118

NEGERI SEMBILAN

Bandar Ainsdale

No. 1, Jalan Ainsdale 1/1,
Bandar Ainsdale,
70300 Seremban, Negeri Sembilan
Tel: 06-761 2778
Hotline: 1-800-88-1118

**Sime Darby Property Sales
Galleries (including Joint Ventures
and Associates) (Cont'd.)**

Chemara Hills

Persiaran Bukit Chemara,
70200 Seremban, Negeri Sembilan
Tel: 06-7687 688
Hotline: 1-800-88-1118

Nilai Impian

No. 1, Persiaran Nilai Impian 3,
Nilai Impian,
71800 Nilai, Negeri Sembilan
Tel: 06-794 8383
Hotline: 1-800-88-1118

Planters' Haven

Planters' Haven Clubhouse,
Persiaran Alamanda,
71800 Nilai, Negeri Sembilan
Tel: 06-799 8008
Hotline: 1-800-88-1118

JOHOR

Bandar Universiti Pagoh

KM25, Jalan Pagoh,
Pagoh 84600 Muar, Johor
Tel: 06-984 2103/2222
Hotline: 1-800-88-1118

Taman Pasir Putih

No. 5, Jalan Selayur 2,
Off Jalan Pasir Putih,
Taman Pasir Putih,
81700 Pasir Gudang, Johor
Tel: 07-251 5355
Hotline: 1-800-88-1118

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting ("48th AGM") of Sime Darby Property Berhad ("Sime Darby Property" or "Company") will be held fully virtual at Banquet Hall, 1st Floor, Main Lobby, TPC Kuala Lumpur, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue** and via the TIIH Online website at <https://tiih.online> on Thursday, 6 May 2021 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 2020 together with the Reports of the Directors and the Auditors thereon.
Refer to Explanatory Note 1
2. To re-elect Dato' Seri Ahmad Johan Mohammad Raslan, who retires by rotation in accordance with Rule 111 of the Constitution of the Company and being eligible, offers himself for re-election. **(Resolution 1)**

Tan Sri Dr. Zeti Akhtar Aziz who also retires by rotation in accordance with Rule 111 of the Constitution of the Company, has expressed her intention not to seek re-election. Hence, she will retain office until the close of the 48th AGM.
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' Soam Heng Choon **(Resolution 2)**
 - (ii) Encik Mohamed Ridza Mohamed Abdulla **(Resolution 3)***Refer to Explanatory Note 3*
4. To approve the payment of fees to the Non-Executive Directors for the period from 7 May 2021 until the next AGM of the Company to be held in year 2022. **(Resolution 4)**
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 7 May 2021 until the next AGM of the Company to be held in year 2022. **(Resolution 5)**
Refer to Explanatory Note 5
6. To re-appoint PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to determine their remuneration. **(Resolution 6)**
Refer to Explanatory Note 6

AS SPECIAL BUSINESS

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

7. RETENTION OF TENGKU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT approval be and is hereby given to Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, an Independent Non-Executive Director of the Company, who has served for a cumulative term of more than ten (10) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

(Resolution 7)

Refer to Explanatory Note 7

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING 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 7 April 2021 ("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 8)

Refer to Explanatory Note 8

9. 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 48th 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 23 April 2021. Only a depositor whose name appears on the Record of Depositors as at 23 April 2021 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

Moriami Mohd

(SSM PC No. 202008002204)

(MAICSA 7031470)

Group Secretary

Petaling Jaya, Malaysia

7 April 2021

NOTES:

1. Registration for Remote Participation and Voting ("RPV") Facilities

1.1 The 48th AGM will be conducted on a **fully 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. Please follow the procedures provided in the Administrative Details for the 48th AGM in order to register, participate and vote remotely via the RPV facilities.

1.2 The broadcast venue of the 48th 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 48th 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 Friday, 30 April 2021.

2.2 Members may also use the Query Box facility to ask questions in real time (in the form of typed text) during the 48th 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 48th 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 the Chairman of the Meeting 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 the Chairman of the Meeting 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 4 May 2021 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 tel no. +603-2783 9222.

3.8 Only Members registered in the Record of Depositors as at 23 April 2021 shall be entitled to attend, speak and vote at the 48th 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 2020

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 Resolution 1: Re-election of Director 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.

Tan Sri Dr. Zeti Akhtar Aziz and Dato' Seri Ahmad Johan Mohammad Raslan are due to retire at the 48th 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 48th 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 2020;

Notice of Annual General Meeting

- ii) The Directors' level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and
- 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.

Dato' Seri Ahmad Johan Mohammad Raslan, being eligible, has offered himself for re-election at the 48th AGM.

Tan Sri Dr. Zeti Akhtar Aziz has expressed her intention not to seek re-election at the 48th AGM. Hence, she will retain office until the close of the 48th AGM.

The Board recommends the re-election of Dato' Seri Ahmad Johan Mohammad Raslan at the 48th AGM.

3. Ordinary Resolutions 2 to 3: 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' Soam Heng Choon and Encik Mohamed Ridza Mohamed Abdulla, who were appointed on 1 July 2020, shall hold office until the 48th 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 4: Payment of Directors' Fees to the Non-Executive Directors for the period from 7 May 2021 until the next AGM of the Company to be held in year 2022

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-Seventh AGM ("47th AGM"), obtained approval from the shareholders in respect of the payment of Directors' fees to the NEDs for the period from 27 June 2020 until the 48th AGM.

The NRC had continued to carry out annual review of the Directors' remuneration. Based on the recommendation from the NRC, the Board had, on 25 February 2021, agreed that the proposed fees payable to the NEDs shall remain unchanged as follows:

	Board (RM/Year)	Board Committees (RM/Year)
Chairman	540,000	70,000
Member	220,000	40,000

Shareholders' approval is hereby sought under Resolution 4 on the payment of NEDs' fees for the period from 7 May 2021 until the next AGM of the Company to be held in year 2022. 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 4 concerning the remuneration to the NEDs at the 48th AGM.

The remuneration of each Director is set out in the Corporate Governance Overview Statement.

5. Ordinary Resolution 5: Payment of Benefits to the NEDs up to an amount of RM500,000 for the period from 7 May 2021 until the next AGM of the Company to be held in year 2022

The Company had, at its 47th AGM held on 26 June 2020, 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 27 June 2020 until the 48th 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

On 16 January 2020, the Board had approved the establishment of a temporary Special Committee of the Board ("SC") primarily to oversee and monitor the implementation of the Board's decisions and to provide strategic guidance to Management. Following the end of tenure of the SC on 31 December 2020, the meeting allowance of RM1,500 per meeting for each of the SC members and any other Directors who attended and participated in any of the SC meetings will be excluded from the Remuneration Framework for NEDs for shareholders' approval at the 48th AGM.

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 48th AGM.

If the proposed Resolution 5 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 5 concerning the remuneration to the NEDs at the 48th AGM.

6. Ordinary Resolution 6: Re-appointment of Auditors

The Audit Committee ("AC") at its meeting held on 18 February 2021, 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 the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The AC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Sime Darby Property Group. The AC was also satisfied in its review that the provisions of non-audit services by PwC during the period under review did not impair PwC's objectivity and independence.

The Board had, at its meeting held on 25 February 2021, approved the AC's recommendation for the shareholders' approval to be sought at the 48th AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 31 December 2021, under Resolution 6. 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 7: Retention of Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent NED

The Company had, at its 47th AGM held on 26 June 2020, obtained shareholders' approval to retain Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj (who has served as an Independent NED of the Company for ten (10) years on 30 December 2020) to continue to act as an Independent NED of the Company until the conclusion of the forthcoming 48th AGM.

The proposed Ordinary Resolution 7, if passed, will allow Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj to continue to act as an Independent NED until the conclusion of the next AGM of the Company.

The NRC of the Company has assessed the independence of all Independent NEDs including Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and recommended to retain him as Independent NED of the Company. The Board endorsed the NRC's recommendation and was of the view that his retention as Independent NED is in the best interest of the Company. Details of the Board's justification and recommendation for the retention of Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Director are set out in the Company's Corporate Governance Report.

Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj has abstained from deliberation and decision at the Board meeting in relation to the recommendation of this Resolution to the shareholders and will continue to abstain from deliberation and voting on the proposed Ordinary Resolution 7 at this AGM.

8. Ordinary Resolution 8: Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, 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 7 April 2021 for further information.

Statement Accompanying Notice of The Forty-Eighth Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of
Bursa Malaysia Securities Berhad)

The details of the Directors' interest in the securities of the Company as at 15 March 2021 are stated in the "Analysis of Shareholdings" section in the Company's Annual Report.

The profile of the Directors who are standing for re-election (as per Resolutions 1 to 3 as stated above) at the Forty-Eighth Annual General Meeting of Sime Darby Property Berhad are set out in the "Board of Directors' Profile" section in the Company's Annual Report.

Administrative Details for the Forty-Eighth Annual General Meeting of Sime Darby Property Berhad

Date	Time	Broadcast Venue	Online Platform
Thursday, 6 May 2021	10.00 a.m.	Banquet Hall, 1st Floor Main Lobby, TPC Kuala Lumpur No. 10, Jalan 1/70D Off Jalan Bukit Kiara 60000 Kuala Lumpur, Malaysia	TIIH Online website at https://tiih.online with Remote Participation and Voting Facilities

1. FULLY VIRTUAL FORTY-EIGHTH ANNUAL GENERAL MEETING

The Company will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the Forty-Eighth Annual General Meeting ("48th AGM") on a **fully 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 48th 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 23 April 2021 ("General Meeting ROD") shall be eligible to attend, speak and vote at the 48th AGM or appoint a proxy(ies) to attend and vote on his/her behalf.

3. REGISTRATION FOR RPV AT THE 48TH AGM

Shareholders are invited to attend the 48th AGM to exercise your right to attend, participate and vote at the 48th 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

- Access the TIIH online website at <https://tiih.online>.
- 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.
- Registration as a user will be approved within one (1) working day and you will be notified via e-mail.
- 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 48th AGM remotely

- Registration is open from the date of the Notice of 48th AGM on **Wednesday, 7 April 2021** at 10.00 a.m. until such time before the end of the voting session of the 48th AGM on Thursday, 6 May 2021.
- Shareholder(s), proxy(ies), corporate representative(s) or attorney(s) are required to pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPV based on the General Meeting ROD as at 23 April 2021.
- Login with your user ID (e-mail address) and password and select the corporate event: **"(Registration) Sime Darby Property Berhad 48th AGM"**

Administrative Details for the Forty-Eighth Annual General Meeting of Sime Darby Property Berhad

- 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.

iii) Verification and notification by TIIH System of your registration

- a) After verification of your registration against the General Meeting ROD as at 23 April 2021, TIIH system will send you an **e-mail after 4 May 2021 to confirm the approval** of your registration for RPV. The procedures to use the RPV are detailed in the said email and as set out in **Note 7** below.
- b) In the event 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 48th 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.

If you wish to participate in the 48th AGM, please do not submit any Form of Proxy for the 48th AGM. You are not allowed to participate in the 48th AGM together with a proxy appointed by you.

ii) Appointment of proxy, corporate representative or attorney

- a) Shareholder who has appointed a proxy(ies), corporate representative(s) or attorney(s) to participate at the 48th 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 48th 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 **Tuesday, 4 May 2021 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 **Tuesday, 4 May 2021 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 it is executed.

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 48th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 4 May 2021 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 48th 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.

Administrative Details for the Forty-Eighth Annual General Meeting of Sime Darby Property Berhad

- 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 48th 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 48th 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.

6. SUBMISSION OF QUESTIONS FOR THE 48TH AGM

The Board recognises that the 48th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 48th AGM, shareholders may in advance, before the 48th AGM, submit questions to the Board of Directors as follows:

i) Prior to 48th AGM

Shareholders may submit question in relation to the agenda items for the 48th AGM prior to the 48th AGM via TIIH Online at <https://tiih.online>, by selecting “e-Services” to login, pose questions and submit electronically not later than **Friday, 30 April 2021**.

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 48th 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 48TH 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 48th 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 48th AGM at any time from 9.30 a.m. (i.e. 30 minutes before the commencement of 48th AGM at 10.00 a.m.) on Thursday, 6 May 2021.

ii) Participate through Live Streaming

- a) Select the corporate event: **“(Live Stream Meeting) Sime Darby Property Berhad 48th AGM”** to engage in the proceedings of the 48th 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 48th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

- c) 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) Online remote voting

The Online Voting session commences from **10.00 a.m.** on **Thursday, 6 May 2021** until a time when the Chairman announces the end of the session.

- a) Select the corporate event: **"(Remote Voting) Sime Darby Property 48th 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.

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 48th AGM subsequent to the declaration on the outcome of the resolutions.

vi) No Breakfast/Lunch Pack, Door Gift or Food Voucher

There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the 48th AGM since the meeting is being conducted on a virtual basis.

8. POLL VOTING

The voting at the 48th 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 48th 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 Deloitte Risk Advisory Sdn Bhd as Independent Scrutineers to verify the poll results.

The resolutions proposed at the 48th AGM and the results of the voting will be announced at the 48th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

Administrative Details for the Forty-Eighth Annual General Meeting of Sime Darby Property Berhad

9. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 48th AGM proceedings is allowed without the prior written permission of the Company.

10. ANNUAL REPORT 2020

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.

11. ENQUIRY

If you have any enquiry prior to the 48th 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)

In view of the Coronavirus Disease 2019 ("COVID-19") pandemic and enforcement of Movement Control Order in Malaysia, 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 48th AGM.

If there is any material change to the proceedings of the 48th 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 48th AGM. You may also contact the above Officers for information.

Form of Proxy

SIME DARBY PROPERTY BERHAD
Registration No. 197301002148 (15631-P)
(Incorporated in Malaysia)

Number of ordinary shares held	CDS Account No.													
				-			-							

I/We _____
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. _____) of _____
(ADDRESS)

(ADDRESS)

Tel. No. _____ being a member/members of SIME DARBY PROPERTY BERHAD hereby
appoint _____ (NRIC/Passport No. _____)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of _____
(ADDRESS)

*and/or _____ (NRIC/Passport No. _____)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of _____
(ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxy(ies) to attend and vote for me/us on my/our behalf at the Forty-Eighth Annual General Meeting (“48th AGM”) of Sime Darby Property Berhad (“Sime Darby Property” or “the Company”) to be held fully virtual at Banquet Hall, 1st Floor, Main Lobby, TPC Kuala Lumpur, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue and via the TIIH Online website at https://tiih.online on Thursday, 6 May 2021 at 10.00 a.m and at any adjournment thereof for the following resolutions as set out in the Notice of 48th AGM:

NO.	AGENDA			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon			
ORDINARY BUSINESS		RESOLUTION	FOR	AGAINST
2.	To re-elect Dato’ Seri Ahmad Johan Mohammad Raslan who retires in accordance with Rule 111 of the Constitution of the Company	1		
3.	To re-elect Dato’ Soam Heng Choon who retires in accordance with Rule 92.3 of the Constitution of the Company	2		
4.	To re-elect Encik Mohamed Ridza Mohamed Abdulla who retires in accordance with Rule 92.3 of the Constitution of the Company	3		
5.	To approve the payment of fees to the Non-Executive Directors for the period from 7 May 2021 until the next Annual General Meeting of the Company to be held in year 2022	4		
6.	To approve the payment of benefits to the Non-Executive Directors up to an amount of RM500,000 for the period from 7 May 2021 until the next Annual General Meeting of the Company to be held in year 2022	5		
SPECIAL BUSINESS		RESOLUTION	FOR	AGAINST
7.	To re-appoint PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to determine their remuneration	6		
8.	To approve the retention of Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Non-Executive Director	7		
9.	To approve the Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature	8		

My/Our proxy is to vote on the resolutions as indicated by an “X” in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:	
	Percentage (%)
First proxy	
Second proxy	

IMPORTANT: Disclosure of Shareholder’s and Proxy’s Personal Data

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (PDPA Notice) in the Annual Report concerning the Company’s collection of your personal data for the purpose of the Company’s General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy’s personal data, you as a shareholder, warrant that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed and processed in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 attached.

Dated this _____ day of _____ 2021

Signature/Common Seal of Member(s)

* Please delete where inapplicable.
** If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words “or failing him/her, the Chairman of the Meeting” and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided

Notes:

1. Registration for Remote Participation and Voting (“RPV”) Facilities

1.1

The 48th AGM will be conducted on a **fully 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. Please follow the procedures provided in the Administrative Details for the 48th AGM in order to register, participate and vote remotely via the RPV facilities.

1.2

The broadcast venue of the 48th 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 48th 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 Friday, 30 April 2021.

2.2

Members may also use the Query Box facility to ask questions in real time (in the form of typed text) during the 48th 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 48th 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 the Chairman of the Meeting 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 the Chairman of the Meeting 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 4 May 2021 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 tel no. +603-2783 9222.

3.8

Only Members registered in the Record of Depositors as at 23 April 2021 shall be entitled to attend, speak and vote at the 48th AGM or appoint a proxy(ies) to attend and vote on their behalf.

Fold Here

THE SHARE REGISTRAR
SIME DARBY PROPERTY BERHAD

Registration No. 197301002148 (15631-P)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Affix Postage
Stamp

Fold Here

Notice to Shareholders Under The Personal Data Protection Act 2010

Sime Darby Property Berhad ("Sime Darby Property" or "we" or "us" or "our") strives to protect your personal data in accordance with the Personal Data Protection Act 2010 ("the Act"). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in Sime Darby Property.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in Sime Darby Property
- To provide services to you
- To communicate with you as a shareholder of Sime Darby Property
- To better understand your needs as our shareholder
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selected events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, "the Purposes").

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Securities Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No, correspondence address, telephone number, facsimile number and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Property Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, "the Group") or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for information relating to your personal data by contacting our share registrar, Tricor Investor & Issuing House Services Sdn Bhd if you wish to enquire about any aspects of share registration matters:

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.

Attention : Ms Lim Lay Kiow, Senior Manager
Tel : +603-2783 9299 / +603-2783 9232
E-mail : Lay.Kiow.Lim@my.tricorglobal.com

In addition, you may request for access to your personal data by contacting your broker or alternatively, Tricor Investor & Issuing House Services Sdn Bhd as shown above if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.

Notis kepada Pemegang Saham di bawah Akta Perlindungan Data Peribadi 2010

Sime Darby Property Berhad ("Sime Darby Property" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 ("Akta"). Akta tersebut diperbuat untuk mengawal selia pemprosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan pemegang saham anda di Sime Darby Property.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran dan pengurusan pegangan saham anda di Sime Darby Property
- Untuk memberikan perkhidmatan kepada anda
- Untuk berkomunikasi dengan anda sebagai pemegang saham Sime Darby Property
- Untuk lebih memahami keperluan anda sebagai pemegang saham kami
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Untuk aktiviti pemasaran
- Bagi maksud tadbir urus korporat kami
- Untuk menghantar jemputan acara berdasarkan acara-acara terpilih
- Untuk mematuhi apa-apa kehendak di sisi undang undang, statut, dan peraturan
- Bagi maksud penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan
- Bagi maksud kami menyediakan jemputan tetamu, pendaftaran dan/atau kemasukan untuk acara-acara kami
- Bagi maksud penerbitan bercetak dan penerbitan dalam talian kami

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Securities Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru, alamat surat-menyurat, nombor telefon, nombor faksimili dan alamat emel anda.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby Property (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), sama ada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemprosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda dengan menghubungi pendaftar saham kami Tricor Investor & Issuing House Services Sdn Bhd jika anda ingin membuat sebarang pertanyaan berkenaan dengan aspek-aspek pendaftaran saham:

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Aras 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur.

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan
No. Tel : +603-2783 9299 / +603-2783 9232
E-mel : Lay.Kiow.Lim@my.tricorglobal.com

Anda juga boleh membuat permintaan untuk mengakses data peribadi anda dengan menghubungi broker anda atau secara alternatif Tricor Investor & Issuing House Services Sdn Bhd seperti yang tersebut di atas jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris dan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemprosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma dalam sini.

Notice to Proxies Under The Personal Data Protection Act 2010

Sime Darby Property Berhad ("Sime Darby Property" or "we" or "us" or "our") strives to protect your personal data in accordance with the Personal Data Protection Act 2010 ("the Act"). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your acting as a proxy for a shareholder in Sime Darby Property.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration of attendance at the general meeting(s)
- To communicate with you as a proxy for a shareholder of Sime Darby Property
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For the purposes of our corporate governance
- To comply with any legal, statutory and/or regulatory requirements

(collectively, "the Purposes").

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Securities Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No. and correspondence address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Property Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, "the Group") or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia. To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for access to your personal data from Tricor Investor & Issuing House Services Sdn Bhd if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

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.

Attention : Ms Lim Lay Kiow, Senior Manager
Tel No. : +603-2783 9299 / +603-2783 9232
E-mail : Lay.Kiow.Lim@my.tricorglobal.com

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

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Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran kehadiran di mesyuarat (-mesyuarat) agung
- Untuk berkomunikasi dengan anda sebagai proksi untuk pemegang saham Sime Darby Property
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Bagi maksud tadbir urus korporat kami
- Untuk mematuhi apa-apa kehendak di sisi undang undang, statut, dan/atau peraturan

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Securities Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru dan alamat surat-menyurat.

Jika anda gagal memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby Property (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), sama ada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemprosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda daripada Tricor Investor & Issuing House Services Sdn Bhd jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembedaan kepada data peribadi anda, tertakluk kepada pematuan permintaan untuk akses atau pembedaan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Tricor Investor & Issuing House Services Sdn Bhd

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Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris and versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemprosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma di sini.



Independent Assurance Report To Management of Sime Darby Property Berhad (2020)

We have been engaged by Sime Darby Property Berhad ("Sime Darby Property") to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as "Selected Information" comprising the information set out in the Subject Matter) for the financial year ended 31 December 2020 as reported by Sime Darby Property in its Annual Report ("Sime Darby Property Annual Report 2020").

Management's Responsibility

Management of Sime Darby Property is responsible for the preparation of the Selected Information included in the Sime Darby Property Annual Report 2020 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 Annual Report 2020 as well as the design, implementation and maintenance of processes relevant for the preparation. 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 provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

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 connection with Sime Darby Property's sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The following information collectively known as Selected Information on which we provide limited assurance consists of the management and reporting processes with respect to the preparation of the following Selected Information reported and marked with asterisks (*) in the Sime Darby Property Annual Report 2020 as follows:

1. Total carbon emission for the financial year ended 31 December 2020;
2. Lost Time Injury Frequency Rate ("LTIFR") for the financial year ended 31 December 2020;
3. Total Waste Data for the financial year ended 31 December 2020; and
4. Total Water Data for the financial year ended 31 December 2020.



Criteria

The selected subject matter needs to be read and understood together with the reporting criteria, which Sime Darby Property is solely responsible for selecting and applying. 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 and over time.

The reporting criteria used for the reporting of the Selected Information is Sime Darby Property's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in the Sime Darby Property Annual Report 2020 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Sime Darby Property's sustainability reporting guidelines and procedures.

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 behavior.

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.

Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that 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.



Restriction of 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 in the Subject Matter as reported by Sime Darby Property in the Sime Darby Property Annual Report 2020. 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 Annual Report 2020 and to be disclosed online at www.simedarbyproperty.com, in respect of the financial year ended 31 December 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. 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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers' followed by a stylized mark.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
1 April 2021

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SIME DARBY PROPERTY BERHAD

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