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 Malaysia.



QUARTERLY REPORT

On the consolidated results for the first quarter ended 31 March 2021

The Directors hereby announce the following:

Unaudited Condensed Consolidated Statement of Profit or Loss Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 31 March		% + / (-)
		2021	2020 Restated	
Revenue	A8	589,487	476,737	23.7
Cost of sales		(431,322)	(397,219)	
Gross profit		158,165	79,518	98.9
Other income		3,628	3,996	
Selling and marketing expenses		(20,708)	(15,592)	
Administrative expenses		(37,998)	(53,508)	
Operating profit		103,087	14,414	
Share of results of joint ventures		(4,273)	(11,534)	
Share of results of associates		(152)	219	
Other losses		(752)	(5,358)	
Profit/(Loss) before interest and tax	A7	97,910	(2,259)	4,434.2
Finance income		26,010	28,855	
Finance costs		(28,917)	(32,258)	
Profit/(Loss) before tax		95,003	(5,662)	1,777.9
Tax expense	B6	(28,950)	(4,873)	
Profit/(Loss) for the period		66,053	(10,535)	727.0
Attributable to:				
- owners of the Company		60,607	2,719	2,129.0
- non-controlling interests		5,446	(13,254)	
Profit/(Loss) for the period		66,053	(10,535)	727.0
Basic earnings per share attributable to owners of the Company (sen)	B10	0.9	0.0	2,129.0

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2020.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

Unaudited Condensed Consolidated Statement of Comprehensive Income
Amounts in RM thousand unless otherwise stated

	Quarter ended 31 March		%
	2021	2020 Restated	+ / (-)
Profit/(Loss) for the period	<u>66,053</u>	<u>(10,535)</u>	727.0
Other comprehensive income/(loss)			
Items which will subsequently be reclassified to profit or loss (net of tax):			
Currency translation differences	<u>95,899</u>	<u>(23,227)</u>	
Total comprehensive income/(loss) for the period	<u>161,952</u>	<u>(33,762)</u>	579.7
Attributable to:			
- owners of the Company	<u>156,207</u>	<u>(15,490)</u>	1,108.4
- non-controlling interest	<u>5,745</u>	<u>(18,272)</u>	
Total comprehensive income/(loss) for the period	<u>161,952</u>	<u>(33,762)</u>	579.7

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2020.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

Unaudited Condensed Consolidated Statement of Financial Position
Amounts in RM thousand unless otherwise stated

	Note	Unaudited As at 31 March 2021	Restated As at 31 December 2020	Restated As at 1 January 2020
<u>Non-current assets</u>				
Property, plant and equipment		624,137	626,178	636,284
Investment properties		703,067	709,030	745,785
Inventories (note 1)		4,211,282	4,474,282	4,542,929
Joint ventures		2,691,394	2,476,101	2,800,416
Associates		139,764	139,142	139,137
Investments		56,306	56,276	58,788
Intangible assets		5,274	5,721	4,143
Deferred tax assets		623,731	623,961	599,982
Receivables		80,790	80,790	50,790
Contract assets		1,277,367	1,255,602	1,318,352
		<u>10,413,112</u>	<u>10,447,083</u>	<u>10,896,606</u>
<u>Current assets</u>				
Inventories (note 1)		1,897,710	1,744,688	1,903,791
Receivables		581,253	622,660	628,711
Contract assets		1,177,400	1,123,772	1,198,933
Prepayment		18,924	7,794	17,549
Tax recoverable		32,684	32,203	23,334
Cash held under Housing Development Accounts		334,431	345,486	456,706
Bank balances, deposits and cash		411,883	456,351	286,632
		<u>4,454,285</u>	<u>4,332,954</u>	<u>4,515,656</u>
Total assets	A7	<u><u>14,867,397</u></u>	<u><u>14,780,037</u></u>	<u><u>15,412,262</u></u>
<u>Equity</u>				
Share capital		6,800,839	6,800,839	6,800,839
Fair value reserve		35,151	35,151	36,375
Exchange reserve		137,646	42,046	(11,679)
Retained profits		2,187,530	2,126,923	2,832,452
Attributable to owners of the Company		<u>9,161,166</u>	<u>9,004,959</u>	<u>9,657,987</u>
Non-controlling interests		185,230	179,485	221,988
Total equity		<u><u>9,346,396</u></u>	<u><u>9,184,444</u></u>	<u><u>9,879,975</u></u>
<u>Non-current liabilities</u>				
Payables		78,648	79,184	81,375
Borrowings	B8	3,095,778	3,033,927	2,408,140
Lease liabilities		61,949	66,057	74,042
Provisions		133,564	131,188	99,332
Contract liabilities		244,416	244,937	251,623
Deferred tax liabilities		176,303	172,562	163,713
		<u>3,790,658</u>	<u>3,727,855</u>	<u>3,078,225</u>
<u>Current liabilities</u>				
Payables		1,079,785	1,248,094	1,304,027
Borrowings	B8	324,879	292,542	796,147
Lease liabilities		17,963	16,880	17,670
Provisions		115,930	116,681	76,569
Contract liabilities		146,539	134,241	100,902
Tax provision		45,247	59,300	158,747
		<u>1,730,343</u>	<u>1,867,738</u>	<u>2,454,062</u>
Total liabilities		<u><u>5,521,001</u></u>	<u><u>5,595,593</u></u>	<u><u>5,532,287</u></u>
Total equity and liabilities		<u><u>14,867,397</u></u>	<u><u>14,780,037</u></u>	<u><u>15,412,262</u></u>

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Unaudited Condensed Consolidated Statement of Financial Position (continued)
Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 March 2021	Restated As at 31 December 2020	Restated As at 1 January 2020
Net assets per share attributable to owners of the Company (RM)	<u>1.35</u>	<u>1.32</u>	<u>1.42</u>

Note:

1. Inventories

Completed development units	500,748	570,448	532,604
Ongoing development	1,395,761	1,172,773	1,369,465
Others	1,201	1,467	1,722
	<u>1,897,710</u>	<u>1,744,688</u>	<u>1,903,791</u>
Not within normal operating cycle	4,211,282	4,474,282	4,542,929
	<u>6,108,992</u>	<u>6,218,970</u>	<u>6,446,720</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2020.

SIME DARBY PROPERTY BERHAD
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Unaudited Condensed Consolidated Statement of Changes in Equity
Amounts in RM thousand unless otherwise stated

	Note	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
Quarter ended 31 March 2021								
At 1 January 2021								
- as previously stated		6,800,839	35,151	42,046	2,225,657	9,103,693	185,763	9,289,456
- effect of the adoption of Agenda Decision	A1(d)	-	-	-	(98,734)	(98,734)	(6,278)	(105,012)
- as restated		6,800,839	35,151	42,046	2,126,923	9,004,959	179,485	9,184,444
Total comprehensive income for the period		-	-	95,600	60,607	156,207	5,745	161,952
At 31 March 2021		6,800,839	35,151	137,646	2,187,530	9,161,166	185,230	9,346,396
Quarter ended 31 March 2020								
At 1 January 2020								
- as previously stated		6,800,839	36,375	(11,679)	2,896,175	9,721,710	228,296	9,950,006
- effect of the adoption of Agenda Decision	A1(d)	-	-	-	(63,723)	(63,723)	(6,308)	(70,031)
- as restated		6,800,839	36,375	(11,679)	2,832,452	9,657,987	221,988	9,879,975
Total comprehensive (loss)/income for the period		-	-	(18,209)	2,719	(15,490)	(18,272)	(33,762)
Transaction with owners:								
- dividends payable		-	-	-	(136,017)	(136,017)	-	(136,017)
At 31 March 2020		6,800,839	36,375	(29,888)	2,699,154	9,506,480	203,716	9,710,196

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2020.

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Unaudited Condensed Consolidated Statement of Cash Flows
Amounts in RM thousand unless otherwise stated

	Note	Quarter ended	
		2021	2020 Restated
Cash flow from operating activities			
Profit/(Loss) for the period		66,053	(10,535)
Adjustments for:			
Share of results of joint ventures and associates		4,425	11,315
Depreciation and amortisation		15,923	13,098
Impairment of receivables		830	5,969
Write-down of inventories		-	(5,080)
Reversal of impairment of amount due from a joint venture		-	(1,296)
Gain on disposal of property, plant and equipment		-	(10)
Provision on obligation for an investment property disposed		-	5,003
Finance income		(26,010)	(28,855)
Finance costs		28,917	32,258
Tax expense		28,950	4,873
Others		(31)	1,561
		<u>119,057</u>	<u>28,301</u>
Changes in working capital:			
- inventories, receivables and other assets		88,834	207,765
- payables, provisions and other liabilities		(156,727)	(53,984)
Cash from operations		<u>51,164</u>	<u>182,082</u>
Tax paid		(36,174)	(61,559)
Net cash from operating activities		<u>14,990</u>	<u>120,523</u>
Cash flow from investing activities			
Finance income received		1,899	3,248
Proceeds from sale of property, plant and equipment		-	10
Purchase/addition of:			
- property, plant and equipment		(1,405)	(2,656)
- investment properties		(4)	(421)
- intangible assets		(15)	(114)
Subscription of shares in joint ventures		(121,272)	(6,225)
Advances to joint ventures and associates		(775)	(30,776)
Net cash used in investing activities		<u>(121,572)</u>	<u>(36,934)</u>
Cash flow from financing activities			
Finance costs paid		(23,868)	(42,058)
Net proceeds from borrowings		78,842	148,953
Repayments of lease liabilities		(4,156)	(4,578)
Net cash from financing activities		<u>50,818</u>	<u>102,317</u>
Net changes in cash and cash equivalents		<u>(55,764)</u>	<u>185,906</u>
Foreign exchange differences		241	(3,767)
Cash and cash equivalents at beginning of the period		<u>801,837</u>	<u>743,338</u>
Cash and cash equivalents at end of the period		<u>746,314</u>	<u>925,477</u>

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)
Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 31 March 2021	2020 Restated
For the purpose of the Condensed Consolidated Statement of Cash Flows, cash and cash equivalents comprised the following:			
Cash held under Housing Development Accounts		334,431	396,755
Bank balances, deposits and cash		411,883	528,722
		746,314	925,477

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2020.

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Explanatory Notes on the Quarterly Report – 31 March 2021
Amounts in RM thousand unless otherwise stated

EXPLANATORY NOTES

This interim financial report is prepared in accordance with the requirements of Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complied with the requirements of the Malaysian Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting and other MFRS issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report is unaudited and should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 December 2020.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited consolidated financial statements for the financial year ended 31 December 2020 except as described below.

- a. Accounting pronouncements that have been newly adopted for this interim financial period:

Amendments to MFRS 4, MFRS 7, MFRS 9, Interest Rate Benchmark Reform – Phase 2
MFRS 16 and MFRS 139
Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods

The adoption of the above did not result in any significant changes to the Group’s results and financial position except for the adoption of Agenda Decision. The impact on adoption of Agenda Decision is shown in Note A1(d).

- b. Accounting pronouncements that are not yet effective are set out below:

MFRS 17	Insurance Contracts
Amendments to MFRS 9	Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

- c. Accounting pronouncement where the effective date has been deferred to a date to be determined by the MASB is set out below:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

- d. Adoption of Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods (“Agenda Decision”)

Prior to the adoption of the Agenda Decision, borrowing costs incurred on property development were capitalised to the carrying value of the inventories until the completion of the construction of the asset. The borrowing costs capitalised in the inventories were recognised as cost of sale in profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

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Explanatory Notes on the Quarterly Report – 31 March 2021
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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

- d. Adoption of Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods (“Agenda Decision”) (continued):

With the adoption of the Agenda Decision, the capitalisation of borrowing costs into a development project ceases when it is launched. The Group has applied the Agenda Decision retrospectively with the restatement of statement of financial position as at 1 January 2020 and throughout all periods presented in the financial statements.

The effects of adoption of the Agenda Decision on the results for the first quarter ended 31 March 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 quarter ended 31 March 2020

	Quarter ended 31 March 2020		
	Pre- adoption of Agenda Decision	Effects of adoption of Agenda Decision	Post- adoption of Agenda Decision
Revenue	476,737	–	476,737
Cost of sales	(400,376)	3,157	(397,219)
Gross profit	76,361	3,157	79,518
Other income	3,996	–	3,996
Selling and marketing expenses	(15,592)	–	(15,592)
Administrative expenses	(53,508)	–	(53,508)
Operating profit	11,257	3,157	14,414
Share of results of joint ventures	(11,534)	–	(11,534)
Share of results of associates	219	–	219
Other losses	(5,358)	–	(5,358)
Loss before interest and tax	(5,416)	3,157	(2,259)
Finance income	28,855	–	28,855
Finance costs	(12,515)	(19,743)	(32,258)
Profit/(Loss) before tax	10,924	(16,586)	(5,662)
Tax expense	(8,864)	3,991	(4,873)
Profit/(Loss) for the period	2,060	(12,595)	(10,535)
Attributable to:			
- owners of the Company	14,153	(11,434)	2,719
- non-controlling interests	(12,093)	(1,161)	(13,254)
Profit/(Loss) for the period	2,060	(12,595)	(10,535)
Basic earnings per share attributable to owners of the Company (sen)	0.2	(0.2)	0.0

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Explanatory Notes on the Quarterly Report – 31 March 2021
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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

- d. Adoption of Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods (“Agenda Decision”) (continued):

The effects of adoption of the Agenda Decision on the results for the first quarter ended 31 March 2020 and the financial positions as at 1 January 2020 and 31 December 2020 are as follows: (continued)

	Pre-adoption of Agenda Decision	Effects of adoption of Agenda Decision	Post- adoption of Agenda Decision
(ii) Reconciliation of statement of financial position as at 1 January 2020			
<u>Non-current assets</u>			
Joint ventures	2,805,001	(4,585)	2,800,416
Deferred tax assets	579,376	20,606	599,982
Other non-current assets	7,496,208	–	7,496,208
	<u>10,880,585</u>	<u>16,021</u>	<u>10,896,606</u>
<u>Current assets</u>			
Inventories	1,989,843	(86,052)	1,903,791
Other current assets	2,611,865	–	2,611,865
	<u>4,601,708</u>	<u>(86,052)</u>	<u>4,515,656</u>
Total assets	<u>15,482,293</u>	<u>(70,031)</u>	<u>15,412,262</u>
<u>Equity</u>			
Attributable to owners of the Company	9,721,710	(63,723)	9,657,987
Non-controlling interests	228,296	(6,308)	221,988
	<u>9,950,006</u>	<u>(70,031)</u>	<u>9,879,975</u>
Total liabilities	<u>5,532,287</u>	<u>–</u>	<u>5,532,287</u>
Total equity and liabilities	<u>15,482,293</u>	<u>(70,031)</u>	<u>15,412,262</u>
(iii) Reconciliation of statement of financial position as at 31 December 2020			
<u>Non-current assets</u>			
Joint ventures	2,480,258	(4,157)	2,476,101
Deferred tax assets	592,235	31,726	623,961
Other non-current assets	7,347,021	–	7,347,021
	<u>10,419,514</u>	<u>27,569</u>	<u>10,447,083</u>
<u>Current assets</u>			
Inventories	1,877,269	(132,581)	1,744,688
Other current assets	2,588,266	–	2,588,266
	<u>4,465,535</u>	<u>(132,581)</u>	<u>4,332,954</u>
Total assets	<u>14,885,049</u>	<u>(105,012)</u>	<u>14,780,037</u>
<u>Equity</u>			
Attributable to owners of the Company	9,103,693	(98,734)	9,004,959
Non-controlling interests	185,763	(6,278)	179,485
	<u>9,289,456</u>	<u>(105,012)</u>	<u>9,184,444</u>
Total liabilities	<u>5,595,593</u>	<u>–</u>	<u>5,595,593</u>
Total equity and liabilities	<u>14,885,049</u>	<u>(105,012)</u>	<u>14,780,037</u>

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Explanatory Notes on the Quarterly Report – 31 March 2021
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A2. Seasonal or Cyclical Factors

The Group's operations are not affected by seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Other than the ongoing challenges and uncertainties due to Covid-19 pandemic, there were no material unusual items affecting the Group's assets, liabilities, equity, net income, or cash flows during the financial period under review.

A4. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the prior interim period of the previous financial period that have a material effect on the results for the current period under review.

A5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

The Company has 6,800,839,377 ordinary shares in issue as at 31 March 2021.

A6. Dividend Paid

No dividend was paid during the first quarter ended 31 March 2021.

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A7. Segment Information

The Group has three (3) reportable business segments – property development, investment and asset management and leisure. 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:

a. Segment results

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Quarter ended 31 March 2021					
Revenue:					
External	552,990	22,446	14,051	–	589,487
Inter-segment	88	1,999	1,276	(3,363)	–
	<u>553,078</u>	<u>24,445</u>	<u>15,327</u>	<u>(3,363)</u>	<u>589,487</u>
Cost of sales	(404,806)	(18,069)	(8,682)	235	(431,322)
Gross profit	148,272	6,376	6,645	(3,128)	158,165
Other income	3,587	42	47	(48)	3,628
Selling and marketing expenses	(18,944)	(1,725)	(39)	–	(20,708)
Administrative expenses	(26,018)	(5,386)	(9,770)	3,176	(37,998)
Operating profit/(loss)	106,897	(693)	(3,117)	–	103,087
Share of results of joint ventures and associates	(2,483)	(1,942)	–	–	(4,425)
Segment results	104,414	(2,635)	(3,117)	–	98,662
Other losses	(660)	(83)	(9)	–	(752)
Profit/(Loss) before interest and tax	103,754	(2,718)	(3,126)	–	97,910
Included in other losses are:					
Changes in fair value of quoted investments	31	–	–	–	31

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Explanatory Notes on the Quarterly Report – 31 March 2021
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A7. Segment Information (continued)

a. Segment results (continued)

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Quarter ended 31 March 2020					
Restated					
Revenue:					
External	440,744	17,445	18,548	–	476,737
Inter-segment	86	2,487	255	(2,828)	–
	<u>440,830</u>	<u>19,932</u>	<u>18,803</u>	<u>(2,828)</u>	<u>476,737</u>
Cost of sales	(372,198)	(13,393)	(11,695)	67	(397,219)
Gross profit	68,632	6,539	7,108	(2,761)	79,518
Other income	3,891	74	31	–	3,996
Selling and marketing expenses	(15,009)	(440)	(143)	–	(15,592)
Administrative expenses	(38,915)	(4,947)	(12,407)	2,761	(53,508)
Operating profit/(loss)	18,599	1,226	(5,411)	–	14,414
Share of results of joint ventures and associates	(10,605)	(710)	–	–	(11,315)
Segment results	7,994	516	(5,411)	–	3,099
Other losses	(361)	(5,003)	6	–	(5,358)
Profit/(Loss) before interest and tax	7,633	(4,487)	(5,405)	–	(2,259)
Included in other losses are:					
Gain on disposal of property, plant and equipment	–	–	10	–	10
Reversal of impairment of amount due from a joint venture	1,296	–	–	–	1,296
Provision on obligation for an investment property disposed	–	(5,003)	–	–	(5,003)
Changes in fair value of quoted investments	(1,654)	–	–	–	(1,654)

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A7. Segment Information (continued)

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 31 March 2021					
Operating assets	8,987,555	2,415,998	537,414	(561,143)	11,379,824
Joint ventures and associates	2,645,040	232,732	–	(46,614)	2,831,158
	<u>11,632,595</u>	<u>2,648,730</u>	<u>537,414</u>	<u>(607,757)</u>	<u>14,210,982</u>
Tax assets					656,415
Total assets					<u>14,867,397</u>
As at 31 December 2020					
Restated					
Operating assets	9,065,161	2,408,814	550,092	(515,437)	11,508,630
Joint ventures and associates	2,428,595	233,262	–	(46,614)	2,615,243
	<u>11,493,756</u>	<u>2,642,076</u>	<u>550,092</u>	<u>(562,051)</u>	<u>14,123,873</u>
Tax assets					656,164
Total assets					<u>14,780,037</u>

A8. Revenue

	Quarter ended 31 March	
	2021	2020
Revenue comprise the following:		
Revenue from contracts with customers	573,747	464,455
Revenue from rental income	15,740	12,282
	<u>589,487</u>	<u>476,737</u>
Disaggregation of the Group's revenue from contracts with customers:		
Geographical market		
- Malaysia	573,657	345,641
- Vietnam	90	142
- Australia	–	118,672
	<u>573,747</u>	<u>464,455</u>
Timing of revenue recognition		
- at point in time	130,025	153,941
- over time	443,722	310,514
	<u>573,747</u>	<u>464,455</u>

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A9. Capital Commitments

	As at 31 March 2021	As at 31 December 2020
Authorised capital expenditure not provided for in the interim financial report is as follows:		
Contracted		
- property, plant and equipment	5,172	4,404
- investment properties	811	631
- intangible assets	305	456
	<u>6,288</u>	<u>5,491</u>
Not contracted		
- investment properties	128,333	128,589
- property, plant and equipment	44,436	45,717
- intangible assets	6,068	6,083
	<u>185,125</u>	<u>185,880</u>

In addition, 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 March 2021 is estimated up to £128.2 million (equivalent to RM731.7 million) (31 December 2020: £150.0 million, equivalent to RM823.9 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 March 2021, the limit of equity injection commitment is RM56.6 million (31 December 2020: RM57.6 million).

A10. Significant Related Party Transactions

Significant related party transactions during the first quarter ended 31 March 2021 are as follows:

	Quarter ended 31 March 2021	2020
a. Transactions between subsidiaries and their owners of non-controlling interests		
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd group, companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders	<u>(63,864)</u>	<u>(44,322)</u>
b. Transactions with joint ventures		
<u>Aster Real Estate Investment Trust 1</u> Rental expense	<u>(4,365)</u>	<u>(4,354)</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the first quarter ended 31 March 2021 are as follows: (continued)

c. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 58.5% as at 31 March 2021 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (“YPB”). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government’s controlled bodies (collectively referred to as government-related entities) are related parties of the Group and of the Company.

Transactions entered by the Group and by the Company with shareholders and related parties include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered by the Group and by the Company with the related parties are conducted in the ordinary course of the Group’s and of the Company’s businesses on negotiated terms or terms comparable to those with other entities that are not related.

Significant transactions entered with shareholders and government-related entities for the first quarter ended 31 March 2021 include:

	Quarter ended	
	31 March	
	2021	2020
<u>Yayasan Sime Darby</u>		
Contribution paid to Yayasan Sime Darby	(10,000)	(10,000)
<u>Sime Darby Berhad group</u>		
Rental income	2,979	2,946
<u>Sime Darby Plantation Berhad group</u>		
Rental income	2,540	1,938

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A11. Material Events Subsequent to the End of the Financial Period

There was no material event subsequent to the end of the current quarter under review to 20 May 2021, being a date not earlier than 7 days from the date of issue of the quarterly report.

A12. Contingent Liabilities – unsecured

	As at 31 March 2021	As at 31 December 2020
Claims pending against the Group	<u>82,009</u>	<u>81,937</u>

A13. Financial Instruments

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the relatively short-term nature of these financial instruments.

The fair values of financial instruments measured at Fair Value through Other Comprehensive Income (“FVOCI”) and Fair Value Through Profit or Loss (“FVTPL”) are as follows:

	As at 31 March 2021	As at 31 December 2020
Investments:		
- quoted shares	2,114	2,083
- unquoted shares	<u>54,192</u>	<u>54,193</u>
	<u>56,306</u>	<u>56,276</u>

The quoted shares are measured at FVTPL at Level 1 of the fair value hierarchy, based on quoted prices of the shares in active markets. Unquoted shares are measured at FVOCI at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

	Quarter ended 31 March		%
	2021	2020 Restated	+ / (-)
Revenue	589,487	476,737	23.7
Segment results:			
Property development	104,414	7,994	1,206.2
Investment and asset management	(2,635)	516	(610.7)
Leisure	(3,117)	(5,411)	42.3
	98,662	3,099	
Other losses	(752)	(5,358)	
Profit/(Loss) before interest and tax ("PBIT/(LBIT)")	97,910	(2,259)	4,434.2
Finance income	26,010	28,855	
Finance costs	(28,917)	(32,258)	
Profit/(Loss) before tax	95,003	(5,662)	1,777.9
Tax expense	(28,950)	(4,873)	
Profit/(Loss) for the period	66,053	(10,535)	727.0
Attributable to:			
- owners of the Company	60,607	2,719	2,129.0
- non-controlling interests	5,446	(13,254)	
Profit/(Loss) for the period	66,053	(10,535)	727.0

The Group registered a revenue of RM589.5 million and a PBIT of RM97.9 million for the first quarter ended 31 March 2021 as compared to a revenue of RM476.7 million and a LBIT of RM2.3 million in the corresponding period of the previous year. The improved financial performance was mainly attributable to the recovery in property development segment as compared to the previous year where the Movement Control Order ("MCO") was first implemented by the government of Malaysia to curb the spread of the Covid-19 pandemic.

An analysis of the results of each business segment is as follows:

a) Property development

The property development segment continued to be the major contributor. The segment registered a significant improvement in performance by RM96.4 million or more than ten-fold increase in contribution as compared to the corresponding period of the previous year. The significant improvement was mainly contributed by higher sales and development activities in City of Elmina, Serenia City, Serini, The Ridge and Senada in the current quarter as compared to the corresponding period of the previous year. In addition, the operating expenses for the current quarter were lower than the corresponding period of the previous year as a result of prudent cost management.

In the previous year, the development activities and the registration of new sales were affected by the implementation of MCO. In addition, lower gross profit margin was recorded in the corresponding period due mainly to minimal profit derived from sale of land at RM118.7 million in Gold Coast, Australia.

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B1. Review of Group Performance (continued)

An analysis of the results of each business segment is as follows: (continued)

b) Property development (continued)

Lower share of losses from joint ventures and associates of RM2.5 million was recorded as compared to a loss of RM10.6 million in the corresponding period a year ago. This was due mainly to higher contribution from PJ Midtown and lower marketing expenses incurred by Battersea in the current quarter.

b) Investment and asset management

With the opening of KL East Mall in late November 2020, the investment and asset management segment saw an increase in revenue to RM22.4 million, as compared to RM17.4 million in the corresponding period of the previous year.

However, the segment registered a loss of RM2.6 million as compared to a profit of RM0.5 million in the corresponding period of the previous year. The loss was mainly attributable to higher expenditure incurred in respect of the KL East Mall, in line with increase in activities with the opening of the mall. In addition, the Group recognised a higher share of losses from a joint venture and lower rental revenue from other investment properties as a consequence of lower occupancy rate and ancillary revenue, coupled with the rent concessions given to tenants.

c) Leisure

Leisure segment registered a revenue of RM14.1 million as compared to RM18.5 million in the corresponding period of the previous year. Contribution from events and functions remains low following the Covid-19 pandemic outbreak and temporary closure of businesses as a result of the re-enforcement of MCO by the government of Malaysia.

Despite that, the segment results has marginally improved to a loss of RM3.1 million as compared to a loss of RM5.4 million in the corresponding period of the previous year mainly driven by lower operating losses upon consolidation of its operation with a focus on manpower optimisation in the current quarter.

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B2. Material Changes in Profit for the Current Quarter as Compared to the Preceding Quarter

	Quarter ended		%
	31 March 2021	31 December 2020 Restated	+/(–)
Revenue	<u>589,487</u>	<u>705,191</u>	(16.4)
Segment results:			
Property development	104,414	64,024	63.1
Investment and asset management	(2,635)	(29,947)	91.2
Leisure	(3,117)	(12,996)	76.0
	<u>98,662</u>	<u>21,081</u>	
Other losses	(752)	(69,118)	
Profit/(Loss) before interest and tax (“PBIT/(LBIT)”)	<u>97,910</u>	(48,037)	303.8
Finance income	26,010	25,659	
Finance costs	(28,917)	(22,898)	
Profit/(Loss) before tax	<u>95,003</u>	(45,276)	309.8
Tax expense	(28,950)	(22,313)	
Profit/(Loss) for the period	<u>66,053</u>	<u>(67,589)</u>	197.7
Attributable to:			
- owners of the Company	60,607	(63,572)	195.3
- non-controlling interests	5,446	(4,017)	
Profit/(Loss) for the period	<u>66,053</u>	<u>(67,589)</u>	197.7

The Group’s revenue for the current quarter was 16.4% lower than the preceding quarter, whilst the result has surged by 303.8% from a LBIT of RM48.0 million in the preceding quarter to a PBIT of RM97.9 million in the current quarter. The significant improvement of the financial results was mainly attributable to the improved performance from all three (3) business segments during the current quarter, whilst the preceding quarter was impacted by the write-down/write-off of inventories, provisions and impairments totaling RM94.9 million.

An analysis of the results of each business segment is as follows:

a) Property development

Property development segment recorded lower revenue by 17.2%, from RM667.7 million to RM553.0 million in the current quarter due mainly to the re-enforcement of MCO by the government of Malaysia which resulted in lower sales and development activities in all our major townships.

However, the segment results has improved by 63.1% to RM104.4 million as compared to RM64.0 million in the preceding quarter due mainly to contribution from higher margin products and lower operating expenses. In addition, the preceding quarter performance was impacted by higher share of losses from Battersea of RM27.3 million and the write-down/write-off of inventories totaling RM22.7 million.

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B2. Material Changes in Profit for the Current Quarter as Compared to the Preceding Quarter (continued)

b) Investment and asset management

The investment and asset management segment registered higher revenue of RM22.4 million as compared to preceding quarter of RM20.5 million, which is largely due to KL East Mall first full quarter of operations since the opening of the mall. The segment also recorded significant improvement in results with lower loss of RM2.6 million as compared to the preceding quarter loss of RM29.9 million. The results in preceding quarter was mainly impacted by higher share of losses from a joint venture arising from depreciation, which did not have an impact to cash flow.

c) Leisure

The leisure segment registered lower revenue of RM14.1 million as compared to preceding quarter of RM16.9 million, mainly due to lower contribution from golfing activities, events and functions following temporary closure of businesses due to the reintroduction of MCO by the government of Malaysia in the current quarter. The segment recorded improvement in contribution from a loss of RM13.0 million to a loss of RM3.1 million, mainly driven by lower operating loss upon consolidation of its operation with a focus on manpower optimisation in the current quarter.

B3. Prospects

The Group recorded commendable financial and operational performance in the first quarter of FY2021 despite the re-imposition of the Movement Control Order (“MCO 2.0”) that lasted for almost half of the quarter. We achieved RM630.2 million of sales in the quarter, contributing to a revenue and profit before interest and tax of RM589.5 million and RM97.9 million, respectively. Two new launches in the quarter garnered an encouraging average take-up rate of over 90 percent.

The encouraging results signal the effectiveness of business strategies and planning deployed in response to the challenges brought about by the COVID-19 pandemic. Constant monitoring and review of market conditions continue to be undertaken to ensure the Group’s agility and resilience in navigating the challenges that have persisted since the outbreak of the COVID-19 pandemic.

Sime Darby Property has responded effectively to the challenges faced during the pandemic with strategic and tactical plans to fully transform the Group into a sustainable real estate development company by 2025. The Group continues to focus on accelerating its income base diversification, executing tactical launch plans at prime locations with the right price points, unlocking value through active land bank management and monetisation planning, as well as continuous vigilant cost management in FY2021.

While challenges related to COVID-19 are expected to prevail in FY2021 with the reimposition of the Movement Control Order in the country from 12 May to 7 June 2021, we are cautiously optimistic of future growth backed by our improved financial performance in the first quarter of FY2021.

Market recovery will be heavily dependent on containment measures undertaken and the success of the vaccination programme in the country.

The Group’s financial resilience is underpinned by unbilled sales of RM1.7 billion and total bookings of RM0.8 billion secured as at 31 March 2021. Net gearing ratio remains moderate at below 0.30 times.

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B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B5. Profit/(Loss) Before Interest and Tax

	Quarter ended 31 March	
	2021	2020 Restated
Included in operating profit are:		
Depreciation and amortisation	(15,923)	(13,098)
Impairment of receivables	(830)	(5,969)
Reversal of write-down of inventories	-	5,080
Write-off of property, plant and equipment	-	(1)
Bad debts recovered	-	67
	<u>-</u>	<u>67</u>
Included in other losses are:		
Gain on disposal of property, plant and equipment	-	10
Reversal of impairment of amount due from a joint venture	-	1,296
Provision on obligation for an investment property disposed	-	(5,003)
Changes in fair value of quoted investments	31	(1,654)
Net foreign exchange loss	(783)	(7)
	<u>(783)</u>	<u>(7)</u>

B6. Tax Expense

	Quarter ended 31 March	
	2021	2020 Restated
In respect of the current period:		
- current tax	25,581	10,945
- deferred tax	691	1,034
	<u>26,272</u>	<u>11,979</u>
In respect of prior years:		
- current tax	(3,940)	(5,174)
- deferred tax	6,618	(1,932)
	<u>28,950</u>	<u>4,873</u>

The effective tax rate for the current quarter ended 31 March 2021 of 29.1% is higher than statutory tax rate of 24% due to underprovision of deferred tax in prior year, certain expenses are disallowed for tax deduction and deferred tax asset is not recognised for losses incurred by certain subsidiaries.

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B7. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 20 May 2021.

B8. Group Borrowings

The breakdown of the borrowings as at 31 March 2021 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	507,491	–	507,491
Islamic financing	829,146	–	829,146
Syndicated Islamic financing	613,349	–	613,349
Islamic medium term notes	–	798,974	798,974
Revolving credits	–	125,557	125,557
Amounts due to non-controlling interests	–	221,261	221,261
	<u>1,949,986</u>	<u>1,145,792</u>	<u>3,095,778</u>
<u>Short-term borrowings</u>			
Term loans due within one year	43,372	–	43,372
Islamic financing due within one year	187,849	–	187,849
Syndicated Islamic financing	84,712	–	84,712
Islamic medium term notes	–	8,797	8,797
Revolving credits	–	149	149
	<u>315,933</u>	<u>8,946</u>	<u>324,879</u>
Total borrowings	<u>2,265,919</u>	<u>1,154,738</u>	<u>3,420,657</u>

The breakdown of borrowings between the principal and interest portion are as follows:

	Secured	Unsecured	Total
Borrowings			
- principal	2,261,143	1,142,896	3,404,039
- interest	4,776	11,842	16,618
Total borrowings	<u>2,265,919</u>	<u>1,154,738</u>	<u>3,420,657</u>

The Group borrowings in RM equivalent analysed by currency are as follows:

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,970,221	324,730	3,294,951
Sterling Pound	125,557	149	125,706
Total borrowings	<u>3,095,778</u>	<u>324,879</u>	<u>3,420,657</u>

Certain borrowings are secured by fixed and floating charges over property, plant and equipment, investment property and other assets of certain subsidiaries.

B9. Material Litigations

Changes in material litigations since the date of the last audited annual statement of financial position up to 20 May 2021 are as follows:

a) 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. A site visit was held on 7 April 2021 and further trial dates have been fixed in July 2021. On 28 April 2021, the court allowed the Plaintiffs’ application to add the Joint Management Body of Ara Hill as a co-defendant to this suit.

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 suit.

b) Arbitration between Bumimetro Construction Sdn Bhd (“BCSB”) v Sime Darby Property (KL East) Sdn Bhd (“SDPKE”)

BCSB (“Claimant”), the main contractor of a development in Melawati, Kuala Lumpur (“Project”) has referred disputes arising from the Project and the construction contract (“Contract”) with SDPKE (“Respondent”) to arbitration, pursuant to the Letter of Acceptance/Contract by issuing a notice of arbitration (“Notice”) on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice (“Response”) on 22 October 2018.

The parties have filed its Statement of Claim, Statement of Defence and Counterclaim and replies thereto. On 3 March 2021, the Claimant filed 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.

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.

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B10. Earnings Per Share

	Quarter ended	
	31 March	
	2021	2020
		Restated
Basic earnings per share attributable to owners of the Company are computed as follows:		
Profit for the period	<u>60,607</u>	<u>2,719</u>
Number of ordinary shares in issue (thousand)	<u>6,800,839</u>	<u>6,800,839</u>
Basic earnings per share (sen)	<u>0.9</u>	<u>0.0</u>

The basic and diluted earnings per share are the same as there is no dilutive potential ordinary shares in issue as at the end of the financial period.

Selangor Darul Ehsan
27 May 2021

By Order of the Board
Chua Siew Chuan
Company Secretary