

3 May 2021

By E-mail

**MINORITY SHAREHOLDERS WATCH GROUP (MSWG)**

Tingkat 11, Bangunan KWSP

No.3 Changkat Raja Chulan

Off Jalan Raja Chulan

50200 Kuala Lumpur

**Attention: Mr. Devanesan Evanson**  
*Chief Executive Officer*

Dear Sir,

**RE: 48<sup>th</sup> Annual General Meeting of Sime Darby Property Berhad on 6 May 2021**

We refer to your letter which was e-mailed to us on 26 April 2021 in relation to Sime Darby Property Berhad's ("Sime Darby Property") Annual General Meeting to be held on Thursday, 6 May 2021.

Please find our responses to the following questions raised by MSWG in the interest of minority shareholders and all other stakeholders of the Group:

**Operational /Financial Matters**

1. The Group's strategy is to intensify efforts in monetising low-yielding investment properties/assets, land and unsold inventories to improve the Group's financial capital (page 69 of AR)

a) Please name the low-yielding investment properties/assets that the Group has identified for sale?

**Response:**

The Group is in the midst of reviewing the investment properties and assets portfolio from the aspects of (a) meeting the Group's yield requirements and/or (b) whether these are strategic to the overall Group, particularly in terms of enhancing the township development. Thereon, we will identify the properties to be earmarked for redevelopment or disposal as a last resort. We expect to complete the exercise in 2021.

- b) What are the expected proceeds from the disposal of low-yielding investment properties/assets, land and unsold inventories respectively from the disposal?

**Response:**

As the Group is still reviewing the investment properties/assets, the disposal amounts, if any could only be quantified later.

We expect land sales agreements exceeding RM100 million to be signed in FY2021 and recognised in the following years.

Sales of completed inventories in FY2021 is expected to hover at around RM400 million. The Group aims to keep the completed stocks at a low and manageable level.

- c) Please name the locations of the three property project with the highest number of unsold completed property inventories and its respective values?

**Response:**

Three completed projects with the highest carrying value as at 31 December 2020 were:

- a. East Residence, KLGCC Resort – RM92.2 million
- b. Serini, Taman Melawati – RM56.7 million
- c. Elmina East Business Park, City of Elmina – RM54.0 million

2. The carrying value of completed property inventories increased by 8.2 percent to RM576.7 million in FY2020 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. (page 88 of AR)

- a) What are the values of unsold completed property inventories from the Ridge KL East, industrial lots in Elmina East and commercial units in Ara Damansara respectively as at FY2020?

**Response:**

As at 31 December 2020, the breakdown of carrying value of the unsold completed inventories from The Ridge in KL East, industrial lots in Elmina East and commercial units in Ara Damansara are as follows:

- The Ridge, KL East – RM52.3 million
- Industrial lots, Elmina East – RM54.0 million
- Commercial units, Ara Damansara – RM23.4 million

**b) What are the values of properties sold from the Ridge KL East, industrial lots in Elmina East and the commercial units in Ara Damansara respectively as at FY2020?**

**Response:**

The Group has achieved a total of RM64.9 million of sales value from The Ridge, KL East in FY2020. There were no sales secured for the industrial lots in Elmina East (comprising of 10 lots) and commercial units in Ara Damansara (comprising of 12 units) in FY2020, as negotiations with potential buyers are still undergoing.

**c) How much of the completed property inventories have been sold (in value) since the reporting date, 31 December 2020 for the Ridge KL, industrial land in Elmina East and commercial units in Ara Damansara?**

**Response:**

As at 31 March 2021, the Group has achieved RM27.7million of sales from The Ridge in KL East and industrial lots in Elmina East while no sales have been recognised for the commercial units in Ara Damansara as yet:

- The Ridge, KL East – RM13.5 million
- Industrial lots, Elmina East – RM14.2 million

It should be noted that the number of unsold units at The Ridge has been reduced to 87 units out of 508 units launched, with a bookings for a further 45 units as at 31 March 2020 via targeted sales initiatives, and buoyed by the opening of KL East Mall in the same development in November 2020. On the industrial lots in Elmina East and the commercial units in Ara Damansara, the Group is in the midst of negotiating with potential buyers. To-date, 3 units with a Gross Development Value ("GDV") of RM6.1 million has been booked for the commercial units in Ara Damansara while negotiations are ongoing with a single buyer to undertake the entirety of the industrial lots in Elmina East.

**3. The Group recorded write-down of inventories and write-off of inventories of RM131.3 million and RM73.1 million respectively in FY2020 as compared to RM65.7 million and RM9.7 million in FY2019 respectively. (page 326 of AR)**

**a) Please provide breakdowns of write-down of inventories and write-off of inventories amounting to RM131.3 million and RM73.1 million respectively.**

**Response:**

In financial year ended 31 December 2020 (“FY2020”), the Group undertook value assessments of the Group’s assets and projects to reflect evolving market conditions vis-à-vis the COVID-19 pandemic. The write-down of inventories of RM131.3 million were made following a review in ensuring that the unsold inventories and products are aligned to market demand for marketability and saleability of the projects. Developments in KLGCC Resort and Oasis Damansara constituted approximately 60.0 percent of the total write-downs.

The Group also reviewed and replanned development projects to ensure the feasibility and alignment to market demand which then resulted in the write-off of development expenditure totalling to RM73.1 million. Developments in Oasis Damansara and Putra Heights project constituted approximately 52.0 percent of the total write-offs.

**b) What were the measures taken to clear the write-down of inventories and write-off of inventories that were recorded in FY2020?**

**Response:**

The Group is focusing on clearing the unsold inventories that are currently priced at a market value via aggressive sales campaigns. The Group will continue to launch the right products at prime locations with the right price points while maintaining sight of management of unsold inventory levels.

**4. The Group has launched multi- generational homes and smart green homes to cater to the next generation of customer demands. (page 45 of AR)**

**a) Where are the locations of the Group’s multi-generational homes and smart green homes?**

**Response:**

The location of the multi-generational homes are as follows:

PHASE NAME	TYPE OF PRODUCT	LOCATION
Elmina Green 3	20’ x 80’ DSLH	City of Elmina, Shah Alam
Hevea	40’ x 90’ DSSD	City of Elmina, Shah Alam
Lumira 1	20’ x 75’ DSLH	Bandar Bukit Raja, Klang
Lumira 2	20’ x 75’ DSLH	Bandar Bukit Raja, Klang
Ariya	20’ x 70’ DSLH	Serenia City, Sepang



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PHASE NAME	TYPE OF PRODUCT	LOCATION
Embun 2	20' x 70' DSLH	Bandar Ainsdale, Seremban

The location of the smart green homes are as follows:

PHASE NAME	TYPE OF PRODUCT	LOCATION
Ilham Residence	Double Storey Link House (Landed Strata)	City of Elmina, Shah Alam

**b) What are the latest take-up rates of the multi-generational homes and smart green homes respectively as at March 2021?**

**Response:**

The latest take-up rate as at March 2021 of the multi-generational homes are as follows:

PHASE NAME	TAKE-UP RATE
Elmina Green 3	99%
Hevea	89%
Lumira 1	99%
Lumira 2	99%
Ariya	100%
Embun 2	94%

The latest take-up rate as at March 2021 of the smart green homes are as follows:

PHASE NAME	TAKE-UP RATE
Ilham Residence	100%

**c) What are the gross profit margins of multi-generational homes and smart green homes respectively as compared to the traditional homes?**

**Response:**

The Group targets Gross Development Margins ("GDP") of 25.0 percent to 30.0 percent for residential landed projects for its flagship townships in Klang Valley. Features such as multi-generational and smart green homes serve as strong product differentiators to meet market demands and coupled with our design-to-cost approach, serve to ensure we secure the targeted margins.



Delivering  
Sustainable  
Futures

Sime Darby Property Berhad  
48<sup>th</sup> Annual General Meeting of Sime Darby Property Berhad on 6 May 2021

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5. The Group's sales target in 2021 is RM2.4 billion and the Group will be launching projects with a GDV of approximately RM2.5 billion this year. (page 30 of AR)

Please provide the names of the property launches and its GDV in FY2021.

**Response:**

The Group's sales target of RM2.4 billion is set on the back of our agile launch plan which continues to deliver the right products at our flagship township, with a GDV of approximately RM2.5 billion. Approximately 80.0 percent of the new launches in FY2021 will be in City of Elmina, Putra Heights, KLGCC Resort, Serenia City and Bandar Bukit Raja.

In the 1<sup>st</sup> quarter of FY2021, we launched Serenia Ariya 3 in Serenia City township at a GDV of RM79.5 million and Dayana in Nilai Impian township at a GDV of RM31.5 million. Serenia Ariya 3 and Dayana have successfully garnered take-up rates of 86% and 100% respectively as at 31 March 2021.

Thank you.

Yours faithfully,  
for **SIME DARBY PROPERTY BERHAD**

**Dato' Azmir Merican**  
Group Managing Director

Copy to : YBhg Tan Sri Dr. Zeti Akhtar Aziz  
Chairman, Sime Darby Property Berhad

Madam Betty Lau Sui Hing  
Group Chief Financial Officer, Sime Darby Property Berhad