

THE EDGE Top Property Developers Awards 2021

SIME DARBY PROPERTY

NO. 4 (JOINT RANKING) | Sime Darby Property Bhd

| | 2021 | 2020 |
|--------------|------|------|
| Overall | 4 | 2 |
| Quantitative | 10 | 2 |
| Qualitative | 3 | 2 |

Securing a sustainable future for all



BY WONG KING WAI
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A home is more than just about having a roof over your head — it is also a place to feel safe and secure. With a clear focus on and direction in creating living spaces that purchasers appreciate, Sime Darby Property Bhd (SDP) endeavours to design homes that provide that something extra to buyers. This may be why the group has done well despite the pandemic.

"On our financial performance, notwithstanding the challenging market, we recorded revenue of RM2.1 billion, profit before interest and tax excluding one-offs of RM110.4 million, and net earnings excluding one-offs of RM77.4 million. These achievements were mainly attributable to the commendable sales take-up rates and increased on-site development activities in the second half of the year," group managing director Datuk Azmir Merican tells *City & Country* in an email interview, during which he reveals more about what SDP has done, is doing and will do in the future.

City & Country: What were some of the key highlights of financial year 2020 (FY2020)?

Datuk Azmir Merican: In FY2020, SDP successfully launched 1,668 units with a total gross development value (GDV) of RM1.5 billion. The company managed to exceed its revised sales target of RM1.4 billion by 43%, achieving RM2 billion in sales with 2,258 units sold. A total of 18 projects were completed and 3,725 units were delivered, with a GDV of RM2.6 billion. The new launches achieved an average take-up rate of 93% as at March 31, 2021.

Among the notable projects were Ilham Residence — our first foray into stratified development in City of Elmina — and other residential landed projects, including Serenia Ariya in Serenia City, Lumira in Bandar Bukit Raja and Embun in Bandar Ainsdale.

Our Spotlight 8 campaign managed to garner RM1.5 billion in bookings, outperforming the previous year's sales of RM1.1 billion in the same campaign.

We also achieved a few notable milestones in FY2020, including the successful launch of SDP's first wholly-owned mall, KL East Mall, in November 2020. Also in November, we reactivated our RM4.5 billion Sukuk Musharakah Programme to ensure the sufficiency of our funding lines. The first tranche of RM800 million was issued in December 2020, mainly for refinancing purposes. This Sukuk Musharakah Programme has been assigned an AA+IS rating and a stable outlook by Malaysian Rating Corp Bhd.

What were some key plans implemented to weather the pandemic and the Movement Control Orders?

We shifted to a more agile way of working during the early period of the pandemic, which then tran-



Instead of solely focusing on bricks-and-mortar houses, we are also looking at the idea of a home in a more holistic way, beyond the four walls." — Azmir



MOHD IZWAN MOHD NAZAM/THE EDGE

sitioned into longer-term strategies and tactical approaches, including digital marketing, end-to-end online sales processes, embarking on cloud solutions and cost management programmes.

We future-proofed our business model through digitalisation, which included exploring strategic collaborations with established technology companies. Our first digital transformation initiative was to move our systems to cloud technology through a partnership with Microsoft, completed in January 2021. We became the first property developer in Malaysia to adopt Microsoft Azure and house all our business applications, solutions and infrastructure online, building an enterprise data warehouse for big data analytics and visualisation through Power BI.

We developed launch plans for the right products in the right locations at the right prices; preserved financial discipline, including cash flow, inventory management and vigilant cost management; and hastened the digital transformation, which we embarked on before the pandemic.

How has the pandemic changed the way SDP does business?

We have introduced our in-house developed Online Booking System (OBS), which allows our customers

Housing and Local Government Minister Datuk Seri Reezal Merican Naina Merican (third from left) with (from left) The Edge Media Group executive chairman Tan Sri Tong Kooi Ong, SDP COO, Integrated development, Datuk Mohd Idris Abdullah and The Edge Media Group publisher and group CEO Datuk Ho Kay Tat

to view and book their prospective homes, as well as conduct online payment transactions.

Our Virtual Sales Gallery (VSG) offers a new home-viewing experience, with the pilot VSG launched in June 2021 for City of Elmina. It will include more townships over time.

We have also upped our social media engagements with 'SDP LIVE' on Facebook, which garnered more than one million views over five weekends.

The pandemic has led to homebuyers seeking larger spaces to allow for flexibility in converting spaces into workstations, study areas and more. Our latest products, namely Elmina Green Five in City of Elmina, Lyra 3 in Bandar Bukit Raja and Anggun in Bandar Ainsdale, were designed to incorporate flexible larger spaces.

For the newly launched high-rise, Jendela Residences, residents' lifts are fitted with touchless call/lift buttons to ensure a virus and germ-free environment. Additionally, air-conditioning cassette units in the common areas come equipped with nanoeX technology to restrain bacteria and virus growth for cleaner and fresher air.

To realise the vision of tomorrow's homes imbued with sophisticated technology and features that would improve the quality of life and enable more productivity, we have embarked on Concept Home 2030 (CH 2030). This is one of the first key steps in our search for disruptive concepts to build prototypes that will challenge the norm, adapt to trends, and reinvent our homes from all aspects of technology, sustainability, modularity and future lifestyles.

The first phase of CH 2030 sees us partnering with the Malaysian Institute of Architects in a competition to redesign the quintessential Malaysian terraced home to fit the wants of today, while anticipating the needs of tomorrow. The CH 2030 Competition winners will be announced in January 2022.

What are the key updates for SDP?

SDP recently achieved four consecutive 100% take-up rates for Dayana Phase 2 in Nilai Impian, Serenia Aiora Phase 1 in Serenia City, Elmina Green Five in City of Elmina and Trilia in Bukit Jelutong, indicating the success of our strategy to introduce

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Caring for the environment

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the right products, at the right locations and the right price points.

For residential high-rises, our Maya Ara Residences in Ara Damansara attained a 90% take-up rate on its launch weekend, outperforming the 70% take-up of Jendela Residences in KLICC Resort.

Industrial products launched in Elmina Business Park in June 2021 garnered an encouraging take-up rate of 100%.

In October, SDP launched Hamilton Nilai in Negeri Sembilan as part of the Malaysia Vision Valley 2.0 development plan. The newly launched industrial township will be developed over four phases, focusing on medium-to-heavy industries to drive direct investment into the development. Separately, the 42 units of industrial products launched earlier in June (GDV: RM285 million) secured a take-up rate of 66% as at Nov 7.

Our joint venture with LOGOS Property in the fund management business announced in September was a key first step to broaden the group's income stream in the investment and asset management business.

Also, a key highlight is the return of the prestigious Kuala Lumpur Golf & Country Club (KLICC) brand to our signature golf club, in conjunction with the club's 30th anniversary celebration.

How is the company ensuring sustainability in construction, design and the built environment? Sustainability has for many years been a key priority for SDP. This is demonstrated by our company's 2030 Sustainability Goals (2030 SGs) introduced in 2020, which are our interpretation of our deliverables towards the attainment of the UN's Sustainable Development Goals.

We believe that activism within the real estate sector, especially in the context of the climate crisis, is essential to raise greater awareness of the decarbonisation of society and the built environment in achieving the Paris Agreement target of limiting global warming to no more than 1.5°C by 2100. We aim to achieve that in several ways.

The first is sustainable construction. We have been actively involved in practices that reduce operational waste generation. This includes the recycling of construction waste from sites and applying the Industrial Building System as well as Building Information Modelling in construction.

A community waste recycling programme that was started in 2016 at Bandar Bukit Raja has seen results in recycling volume. To date, the figure is nearing 280 tonnes, which also equates to the community offsetting its carbon emissions by nearly 258 tonnes of CO₂e.

The Ridge, located in the KL East development, has attained the Provisional BCA Green Mark Certification from the Building and Construction Authority (BCA) of Singapore, recognising the product's



PICTURES BY SIME DARBY PROPERTY

An artist's impression of Maya Ara Residences, a serviced apartment development

Sime Darby Property Bhd

| FINANCIAL YEAR-END: (RM MIL) | FY2020 | FY2019 | FP2018* | FY2018 | FY2017 | FY2016 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|
| Revenue | 2,062.8 | 3,180 | 1,269.1 | 2,353.1 | 2,610.9 | 3,371.1 |
| Pre-tax profit | -490.8 | 665.7 | -38.1 | 728.4 | 888.8 | 1,220.3 |
| Paid-up capital | 6,800.8 | 6,800.8 | 6,800.8 | 6,800.8 | 2,405.5 | 1,010.4 |
| Shareholders' funds | 9,005 | 9,721.7 | 9,209.5 | 9,734.6 | 6,323.2 | 5,333.9 |
| Profit attributable to shareholders | -513.8 | 598.5 | -318.7 | 640 | 624 | 873.2 |
| Dividend payout ratio (%) | NA | 34.1 | NA | 53.1 | 30.3 | 92.9 |

* The group changed its financial year end from June 30 to Dec 31. FP2018 covers the financial period of July 31 to Dec 31, 2018.

ONGOING PROJECTS

| PROJECT/LOCATION | TYPE | GDV (RM MIL) | LAUNCH DATE |
|---|-------------|--------------|------------------|
| Jendela Residence, KLICC Resort, Kuala Lumpur | Residential | 965 | May 2021 |
| Maya Ara Residences, Ara Damansara, Selangor | Commercial | 222 | Oct 2021 |
| Dayana 1 (Phase 1 & 2), Nilai Implan, Negeri Sembilan | Residential | 63 | March & Nov 2021 |
| Serenia Alora 1, Serenia City, Selangor | Residential | 104 | Oct 2021 |
| Trilia, Bukit Jelutong, Selangor | Residential | 123 | Oct 2021 |

IN THE PIPELINE

| PROJECT/LOCATION | TYPE | GDV (RM MIL) | EXPECTED LAUNCH DATE |
|----------------------------------|-------------|--------------|----------------------|
| City of Elmina, Selangor | Residential | 178 | Dec 2021 |
| Bandar Bukit Raja, Selangor | Residential | 51 | Dec 2021 |
| Serenia City, Selangor | Residential | 85 | Nov 2021 |
| Nilai Implan, Negeri Sembilan | Residential | 45 | Dec 2021 |
| Bandar Ainsdale, Negeri Sembilan | Residential | 40 | Nov 2021 |

Elmina Green 5 homes in City of Elmina achieved a 100% take-up rate



low carbon impact and energy efficiency potential, including reduction in the use of water and material resources during construction.

We have also looked into sustainable design. Our Ilham Residence in City of Elmina has an All-Gen Homes concept that caters for homebuyers with multi-generational features to suit residents of different age groups and demographics.

In keeping with our commitment to the sustainability agenda, we have partnered with TNBX Sdn Bhd, a subsidiary of Tenaga Nasional Bhd, to provide the first-of-its-kind Smart Green Home Solutions to promote the use of alternative energy sources. Through this partnership, 513 units are being installed with solar photovoltaic panels.

Lastly, we have looked into the built environment. Instead of solely focusing on bricks-and-mortar houses, we are also looking at the idea of a home in a more holistic way, beyond the four walls.

Our townships are designed with lush greenery that includes threatened, rare and endangered species from the Malaysian rain forest, with natural/soft engineered waterways and greens that take into account flood mitigation efforts.

What is the market outlook?

With more than 90% of the adult Malaysian population now immunised, and many countries — including Malaysia and the UK — accepting that the pandemic is now endemic and the new norm, the outlook for the economy is encouraging.

The property market from 4Q2021 onwards, specifically the demand for the industrial segment and landed residential properties at the right price points and locations remains strong in the short to medium term. We foresee an increase in transactions before the Home Ownership Campaign ends on Dec 31, coupled with the low interest environment. ■