

QUARTERLY REPORT

On the consolidated results for the fourth quarter ended 31 December 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 December | | % | Year ended 31 December | | % |
|--|------|------------------------------|------------------|-------|---------------------------|------------------|-------|
| | | 2021 | 2020 Restated | | 2021 | 2020 Restated | |
| Revenue | A8 | 739,372 | 705,191 | 4.8 | 2,219,924 | 2,062,781 | 7.6 |
| Cost of sales | | (528,589) | (541,049) | | (1,656,201) | (1,742,045) | |
| Gross profit | | 210,783 | 164,142 | 28.4 | 563,723 | 320,736 | 75.8 |
| Other income | | 3,803 | 6,579 | | 12,752 | 15,806 | |
| Selling and marketing expenses | | (31,501) | (22,847) | | (88,985) | (74,060) | |
| Administrative expenses | | (59,453) | (75,668) | | (195,691) | (233,962) | |
| Operating profit | | 123,632 | 72,206 | | 291,799 | 28,520 | |
| Share of results of joint ventures | | (4,892) | (46,257) | | (29,578) | (419,602) | |
| Share of results of associates | | 381 | (1,961) | | 776 | (1,300) | |
| Other losses | | (2,432) | (69,118) | | (2,520) | (88,022) | |
| Profit/(Loss) before interest and tax | | 116,689 | (45,130) | 358.6 | 260,477 | (480,404) | 154.2 |
| Finance income | | 25,665 | 25,659 | | 102,773 | 109,944 | |
| Finance costs | | (21,547) | (18,998) | | (94,997) | (104,344) | |
| Profit/(Loss) before tax | | 120,807 | (38,469) | 414.0 | 268,253 | (474,804) | 156.5 |
| Tax expense | B6 | (46,478) | (20,589) | | (117,265) | (60,743) | |
| Profit/(Loss) for the period/year | A7 | 74,329 | (59,058) | 225.9 | 150,988 | (535,547) | 128.2 |
| Attributable to: | | | | | | | |
| - owners of the Company | | 72,187 | (56,641) | 227.4 | 136,904 | (501,566) | 127.3 |
| - non-controlling interests | | 2,142 | (2,417) | | 14,084 | (33,981) | |
| Profit/(Loss) for the period/year | | 74,329 | (59,058) | 225.9 | 150,988 | (535,547) | 128.2 |
| Basic earnings/(loss) per share attributable to owners of the Company (sen) | B10 | 1.1 | (0.8) | 227.4 | 2.0 | (7.4) | 127.3 |

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 | | % | Year ended | | % |
|--|----------------------|------------------------|---------|-----------------------|-------------------------|---------|
| | 31 December | 2020 | + / (-) | 31 December | 2020 | + / (-) |
| | 2021 | Restated | | 2021 | Restated | |
| Profit/(Loss) for the period/year | <u>74,329</u> | <u>(59,058)</u> | 225.9 | <u>150,988</u> | <u>(535,547)</u> | 128.2 |
| Other comprehensive (loss)/income | | | | | | |
| Items which will subsequently be reclassified to profit or loss (net of tax): | | | | | | |
| Currency translation differences | (8,212) | 76,591 | | 62,417 | 45,569 | |
| Reclassified to profit or loss: | | | | | | |
| Currency translation differences on repayment of net investments | - | (7,119) | | - | 6,642 | |
| Items which will not subsequently be reclassified to profit or loss (net of tax): | | | | | | |
| Net changes in fair value of investments | (775) | - | | (775) | (2,298) | |
| Share of other comprehensive gain of an associate | <u>(2,658)</u> | <u>3,153</u> | | <u>(2,658)</u> | <u>1,074</u> | |
| Other comprehensive (loss)/income for the period | <u>(11,645)</u> | <u>72,625</u> | (116.0) | <u>58,984</u> | <u>50,987</u> | 15.7 |
| Total comprehensive income/(loss) for the period/year | <u>62,684</u> | <u>13,567</u> | 362.0 | <u>209,972</u> | <u>(484,560)</u> | 143.3 |
| Attributable to: | | | | | | |
| - owners of the Company | 60,541 | 16,982 | 256.5 | 195,558 | (449,065) | 143.5 |
| - non-controlling interest | <u>2,143</u> | <u>(3,415)</u> | | <u>14,414</u> | <u>(35,495)</u> | |
| Total comprehensive income/(loss) for the period/year | <u>62,684</u> | <u>13,567</u> | 362.0 | <u>209,972</u> | <u>(484,560)</u> | 143.3 |

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 December 2021 | Restated As at 31 December 2020 | Restated As at 1 January 2020 |
|--|------|--|---------------------------------------|-------------------------------------|
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | | 615,247 | 626,178 | 636,284 |
| Investment properties | | 774,002 | 709,030 | 745,785 |
| Inventories (note 1) | | 3,869,520 | 4,474,282 | 4,542,929 |
| Joint ventures | | 3,161,988 | 2,476,101 | 2,800,416 |
| Associates | | 138,035 | 139,142 | 139,137 |
| Investments | | 53,418 | 56,276 | 58,788 |
| Intangible assets | | 7,258 | 5,721 | 4,143 |
| Deferred tax assets | | 623,212 | 617,535 | 594,446 |
| Receivables | | 66,540 | 80,790 | 50,790 |
| Contract assets | | 1,248,336 | 1,255,602 | 1,318,352 |
| | | <u>10,557,556</u> | <u>10,440,657</u> | <u>10,891,070</u> |
| <u>Current assets</u> | | | | |
| Inventories (note 1) | | 1,922,797 | 1,760,043 | 1,903,139 |
| Receivables | | 721,895 | 622,660 | 628,711 |
| Contract assets | | 1,097,673 | 1,123,772 | 1,198,933 |
| Prepayment | | 15,468 | 7,794 | 17,549 |
| Tax recoverable | | 31,607 | 32,203 | 23,334 |
| Cash held under Housing Development Accounts | | 291,466 | 345,486 | 456,706 |
| Bank balances, deposits and cash | | 618,198 | 456,351 | 286,632 |
| | | <u>4,699,104</u> | <u>4,348,309</u> | <u>4,515,004</u> |
| Total assets | A7 | <u>15,256,660</u> | <u>14,788,966</u> | <u>15,406,074</u> |
| <u>Equity</u> | | | | |
| Share capital | | 6,800,839 | 6,800,839 | 6,800,839 |
| Fair value reserve | | 31,718 | 35,151 | 36,375 |
| Exchange reserve | | 104,133 | 42,046 | (11,679) |
| Retained profits | | 2,204,704 | 2,135,808 | 2,829,090 |
| Attributable to owners of the Company | | <u>9,141,394</u> | <u>9,013,844</u> | <u>9,654,625</u> |
| Non-controlling interests | | 185,143 | 179,529 | 219,162 |
| Total equity | | <u>9,326,537</u> | <u>9,193,373</u> | <u>9,873,787</u> |
| <u>Non-current liabilities</u> | | | | |
| Payables | | 82,831 | 79,184 | 81,375 |
| Borrowings | B8 | 2,756,363 | 3,033,927 | 2,408,140 |
| Lease liabilities | | 45,936 | 66,057 | 74,042 |
| Provisions | | 136,612 | 131,188 | 99,332 |
| Contract liabilities | | 243,757 | 244,937 | 251,623 |
| Deferred tax liabilities | | 184,700 | 172,562 | 163,713 |
| | | <u>3,450,199</u> | <u>3,727,855</u> | <u>3,078,225</u> |
| <u>Current liabilities</u> | | | | |
| Payables | | 1,016,242 | 1,248,094 | 1,304,027 |
| Borrowings | B8 | 1,075,237 | 292,542 | 796,147 |
| Lease liabilities | | 20,812 | 16,880 | 17,670 |
| Provisions | | 110,101 | 116,681 | 76,569 |
| Contract liabilities | | 230,757 | 134,241 | 100,902 |
| Tax provision | | 26,775 | 59,300 | 158,747 |
| | | <u>2,479,924</u> | <u>1,867,738</u> | <u>2,454,062</u> |
| Total liabilities | | <u>5,930,123</u> | <u>5,595,593</u> | <u>5,532,287</u> |
| Total equity and liabilities | | <u>15,256,660</u> | <u>14,788,966</u> | <u>15,406,074</u> |

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

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

| | Unaudited As at 31 December 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>1.34</u> | <u>1.33</u> | <u>1.42</u> |

Note:

1. Inventories

| | | | |
|-----------------------------------|-------------------------|------------------|------------------|
| Completed development units | 329,572 | 573,640 | 526,308 |
| Ongoing development | 1,592,449 | 1,184,936 | 1,375,109 |
| Others | 776 | 1,467 | 1,722 |
| | <u>1,922,797</u> | <u>1,760,043</u> | <u>1,903,139</u> |
| Not within normal operating cycle | <u>3,869,520</u> | <u>4,474,282</u> | <u>4,542,929</u> |
| | <u>5,792,317</u> | <u>6,234,325</u> | <u>6,446,068</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
Registration No: 197301002148 (15631-P)

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 |
|--|-------|------------------|--------------------|------------------|------------------|---------------------------------------|---------------------------|------------------|
| Year ended 31 December 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) | – | – | – | (89,849) | (89,849) | (6,234) | (96,083) |
| - as restated | | 6,800,839 | 35,151 | 42,046 | 2,135,808 | 9,013,844 | 179,529 | 9,193,373 |
| Total comprehensive (loss)/income for the year | | – | (3,433) | 62,087 | 136,904 | 195,558 | 14,414 | 209,972 |
| Transaction with owners: | | | | | | | | |
| - dividend paid | | – | – | – | (68,008) | (68,008) | (8,800) | (76,808) |
| At 31 December 2021 | | 6,800,839 | 31,718 | 104,133 | 2,204,704 | 9,141,394 | 185,143 | 9,326,537 |
| Year ended 31 December 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) | – | – | – | (67,085) | (67,085) | (9,134) | (76,219) |
| - as restated | | 6,800,839 | 36,375 | (11,679) | 2,829,090 | 9,654,625 | 219,162 | 9,873,787 |
| Total comprehensive (loss)/income for the year | | – | (1,224) | 53,725 | (501,566) | (449,065) | (35,495) | (484,560) |
| Transaction with owners: | | | | | | | | |
| - dividends paid | | – | – | – | (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 interest | | – | – | – | (3,100) | (3,100) | 262 | (2,838) |
| At 31 December 2020 | | 6,800,839 | 35,151 | 42,046 | 2,135,808 | 9,013,844 | 179,529 | 9,193,373 |

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.

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

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

| | Year ended 31 December | |
|---|---------------------------|------------------|
| Note | 2021 | 2020 Restated |
| Cash flow from operating activities | | |
| Profit/(Loss) for the year | 150,988 | (535,547) |
| Adjustments for: | | |
| Share of results of joint ventures and associates | 28,802 | 420,902 |
| Depreciation and amortisation | 64,694 | 62,097 |
| Write-down of inventories | 1,882 | 125,284 |
| Write-off of property development expenditure | 2,543 | 73,111 |
| Write-off of property, plant and equipment | 98 | 237 |
| Impairment losses | 925 | 39,540 |
| Gain on disposals | (948) | (15) |
| Provisions | 1,788 | 73,735 |
| Finance income | (102,773) | (109,944) |
| Finance costs | 94,997 | 104,344 |
| Tax expense | 117,265 | 60,743 |
| Others | (192) | 8,310 |
| | <u>360,069</u> | <u>322,797</u> |
| Changes in working capital: | | |
| - inventories, receivables and other assets | 419,054 | 290,546 |
| - payables, provisions and other liabilities | (142,554) | (38,854) |
| Cash from operations | <u>636,569</u> | <u>574,489</u> |
| Tax paid | (142,733) | (167,828) |
| Dividends received from investments and a joint venture | 504 | 3,595 |
| Net cash from operating activities | <u>494,340</u> | <u>410,256</u> |
| Cash flow from investing activities | | |
| Finance income received | 8,871 | 10,509 |
| Proceeds from sale of: | | |
| - investment properties | 1,020 | - |
| - property, plant and equipment | - | 17 |
| Purchase/addition of: | | |
| - investment properties | (9,030) | (14,206) |
| - property, plant and equipment | (5,491) | (17,008) |
| - intangible assets | (3,492) | (3,230) |
| Subscription of shares in joint ventures | (660,779) | (45,865) |
| Advances to joint ventures and associates | - | (37,031) |
| Others | - | 950 |
| Net cash used in investing activities | <u>(668,901)</u> | <u>(105,864)</u> |
| Cash flow from financing activities | | |
| Finance costs paid | (133,848) | (145,662) |
| Net proceeds from borrowings | 510,468 | 124,405 |
| Repayments of lease liabilities | (17,422) | (15,853) |
| Dividend paid on ordinary shares | (68,008) | (204,025) |
| Dividend paid to non-controlling interests | (8,800) | (4,400) |
| Acquisition of non-controlling interest | - | (2,838) |
| Net cash from/(used in) financing activities | <u>282,390</u> | <u>(248,373)</u> |
| Net changes in cash and cash equivalents | <u>107,829</u> | <u>56,019</u> |
| Foreign exchange differences | (2) | 2,480 |
| Cash and cash equivalents at beginning of the year | <u>801,837</u> | <u>743,338</u> |
| Cash and cash equivalents at end of the year | <u>909,664</u> | <u>801,837</u> |

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

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

| | Year ended 31 December | |
|---|---------------------------|-----------------------|
| Note | 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 | 291,466 | 345,486 |
| Bank balances, deposits and cash | <u>618,198</u> | <u>456,351</u> |
| | <u>909,664</u> | <u>801,837</u> |

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.

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

Explanatory Notes on the Quarterly Report – 31 December 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 2 Costs Necessary to Sell Inventories
Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods
 (“Agenda Decision”)

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 3 | Reference to Conceptual Framework |
| Amendments to MFRS 17 Insurance Contracts | Initial Application of MFRS 17 and MFRS 9 – Comparative Information |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current |
| Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 | Disclosure of Accounting Policies and Definition of Accounting Estimates |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to MFRS 1 | Subsidiary as First-time Adopter |
| Annual Improvements to MFRS 9 | Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities |
| Annual Improvements to Illustrative Example accompanying MFRS 16 | Leases: Lease Incentives |
| Annual Improvements to MFRS 141 | Taxation in Fair Value Measurements |

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

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

- 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 sales in profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

With the adoption of the Agenda Decision, the capitalisation of borrowing costs into a development project ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. 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.

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

B. 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 fourth quarter 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 fourth quarter ended 31 December 2020

| | Quarter ended 31 December 2020 | | | Year ended 31 December 2020 | | |
|---|------------------------------------|---|-------------------------------------|------------------------------------|---|-------------------------------------|
| | Pre-adoption of Agenda Decision | Effects of adoption of Agenda Decision | Post-adoption of Agenda Decision | Pre-adoption of Agenda Decision | Effects of adoption of Agenda Decision | Post-adoption of Agenda Decision |
| Revenue | 705,191 | – | 705,191 | 2,062,781 | – | 2,062,781 |
| Cost of sales | (549,207) | 8,158 | (541,049) | (1,771,093) | 29,048 | (1,742,045) |
| Gross profit | 155,984 | 8,158 | 164,142 | 291,688 | 29,048 | 320,736 |
| Other income | 6,579 | – | 6,579 | 15,806 | – | 15,806 |
| Selling and marketing expenses | (22,847) | – | (22,847) | (74,060) | – | (74,060) |
| Administrative expenses | (75,668) | – | (75,668) | (233,962) | – | (233,962) |
| Operating profit/(loss) | 64,048 | 8,158 | 72,206 | (528) | 29,048 | 28,520 |
| Share of results of joint ventures | (46,221) | (36) | (46,257) | (420,030) | 428 | (419,602) |
| Share of results of associates | (1,961) | – | (1,961) | (1,300) | – | (1,300) |
| Other losses | (69,118) | – | (69,118) | (88,022) | – | (88,022) |
| Loss before interest and tax | (53,252) | 8,122 | (45,130) | (509,880) | 29,476 | (480,404) |
| Finance income | 25,659 | – | 25,659 | 109,944 | – | 109,944 |
| Finance costs | (7,411) | (11,587) | (18,998) | (44,774) | (59,570) | (104,344) |
| Loss before tax | (35,004) | (3,465) | (38,469) | (444,710) | (30,094) | (474,804) |
| Tax expense | (24,721) | 4,132 | (20,589) | (70,973) | 10,230 | (60,743) |
| Loss for the period/year | (59,725) | 667 | (59,058) | (515,683) | (19,864) | (535,547) |
| Attributable to: | | | | | | |
| - owners of the Company | (55,928) | (713) | (56,641) | (478,802) | (22,764) | (501,566) |
| - non-controlling interests | (3,797) | 1,380 | (2,417) | (36,881) | 2,900 | (33,981) |
| Loss for the period/year | (59,725) | 667 | (59,058) | (515,683) | (19,864) | (535,547) |
| Basic loss per share attributable to owners of the Company (sen) | (0.8) | – | (0.8) | (7.0) | (0.4) | (7.4) |

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

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 fourth quarter ended 31 December 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 | 15,070 | 594,446 |
| Other non-current assets | 7,496,208 | – | 7,496,208 |
| | <u>10,880,585</u> | <u>10,485</u> | <u>10,891,070</u> |
| <u>Current assets</u> | | | |
| Inventories | 1,989,843 | (86,704) | 1,903,139 |
| Other current assets | 2,611,865 | – | 2,611,865 |
| | <u>4,601,708</u> | <u>(86,704)</u> | <u>4,515,004</u> |
| Total assets | <u>15,482,293</u> | <u>(76,219)</u> | <u>15,406,074</u> |
| <u>Equity</u> | | | |
| Attributable to owners of the Company | 9,721,710 | (67,085) | 9,654,625 |
| Non-controlling interests | 228,296 | (9,134) | 219,162 |
| | <u>9,950,006</u> | <u>(76,219)</u> | <u>9,873,787</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>(76,219)</u> | <u>15,406,074</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 | 25,300 | 617,535 |
| Other non-current assets | 7,347,021 | – | 7,347,021 |
| | <u>10,419,514</u> | <u>21,143</u> | <u>10,440,657</u> |
| <u>Current assets</u> | | | |
| Inventories | 1,877,269 | (117,226) | 1,760,043 |
| Other current assets | 2,588,266 | – | 2,588,266 |
| | <u>4,465,535</u> | <u>(117,226)</u> | <u>4,348,309</u> |
| Total assets | <u>14,885,049</u> | <u>(96,083)</u> | <u>14,788,966</u> |
| <u>Equity</u> | | | |
| Attributable to owners of the Company | 9,103,693 | (89,849) | 9,013,844 |
| Non-controlling interests | 185,763 | (6,234) | 179,529 |
| | <u>9,289,456</u> | <u>(96,083)</u> | <u>9,193,373</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>(96,083)</u> | <u>14,788,966</u> |

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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 year 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 current financial year or 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 year under review.

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

A6. Dividend Paid

The first interim single tier dividend of 1.0 sen per ordinary share in respect of financial year ended 31 December 2021 amounting to RM68.0 million was paid on 16 November 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 |
|--|-------------------------|---------------------------------------|-----------------|------------------|------------------|
| Year ended 31 December 2021 | | | | | |
| Revenue: | | | | | |
| External | 2,069,716 | 94,679 | 55,529 | – | 2,219,924 |
| Inter-segment | 91,698 | 7,994 | 4,511 | (104,203) | – |
| | <u>2,161,414</u> | <u>102,673</u> | <u>60,040</u> | <u>(104,203)</u> | <u>2,219,924</u> |
| Cost of sales | (1,598,425) | (80,990) | (34,115) | 57,329 | (1,656,201) |
| Gross profit | 562,989 | 21,683 | 25,925 | (46,874) | 563,723 |
| Other income | 11,217 | 986 | 549 | – | 12,752 |
| Selling and marketing expenses | (85,333) | (2,959) | (693) | – | (88,985) |
| Administrative expenses | (150,275) | (14,984) | (39,252) | 8,820 | (195,691) |
| Operating profit/(loss) | 338,598 | 4,726 | (13,471) | (38,054) | 291,799 |
| Share of results of joint ventures and associates | (24,194) | (4,608) | – | – | (28,802) |
| Segment results | 314,404 | 118 | (13,471) | (38,054) | 262,997 |
| Other (losses)/gains | (3,040) | 948 | (428) | – | (2,520) |
| Profit/(Loss) before interest and tax | 311,364 | 1,066 | (13,899) | (38,054) | 260,477 |
| Finance income | 12,057 | 89,657 | 1,059 | – | 102,773 |
| Finance costs | (30,101) | (63,702) | (1,194) | – | (94,997) |
| Profit/(Loss) before tax | 293,320 | 27,021 | (14,034) | (38,054) | 268,253 |
| Tax expense | (109,085) | (12,314) | 329 | 3,805 | (117,265) |
| Profit/(Loss) for the year | <u>184,235</u> | <u>14,707</u> | <u>(13,705)</u> | <u>(34,249)</u> | <u>150,988</u> |
| Included in other (losses)/gains are: | | | | | |
| Gain on disposal of investment properties | – | 948 | – | – | 948 |
| Impairment of: | | | | | |
| - property, plant and equipment | – | – | (415) | – | (415) |
| - quoted investments | (2,083) | – | – | – | (2,083) |

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A7. Segment Information (continued)

a. Segment results (continued)

| | Property Development | Investment and Asset Management | Leisure | Elimination | Total |
|--|-------------------------|---------------------------------------|-----------------|-----------------|------------------|
| Year ended 31 December 2020 | | | | | |
| Restated | | | | | |
| Revenue: | | | | | |
| External | 1,922,096 | 69,006 | 71,679 | – | 2,062,781 |
| Inter-segment | 355 | 9,781 | 1,507 | (11,643) | – |
| | <u>1,922,451</u> | <u>78,787</u> | <u>73,186</u> | <u>(11,643)</u> | <u>2,062,781</u> |
| Cost of sales | (1,635,198) | (62,941) | (44,580) | 674 | (1,742,045) |
| Gross profit | 287,253 | 15,846 | 28,606 | (10,969) | 320,736 |
| Other income | 12,742 | 1,695 | 1,464 | (95) | 15,806 |
| Selling and marketing expenses | (68,505) | (4,872) | (683) | – | (74,060) |
| Administrative expenses | (163,021) | (25,223) | (56,782) | 11,064 | (233,962) |
| Operating profit/(loss) | 68,469 | (12,554) | (27,395) | – | 28,520 |
| Share of results of joint ventures and associates | (394,421) | (26,481) | – | – | (420,902) |
| Segment results | (325,952) | (39,035) | (27,395) | – | (392,382) |
| Other losses | (12,169) | (75,409) | (444) | – | (88,022) |
| Loss before interest and tax | (338,121) | (114,444) | (27,839) | – | (480,404) |
| Finance income | 14,834 | 94,075 | 1,035 | – | 109,944 |
| Finance costs | (31,417) | (71,674) | (1,253) | – | (104,344) |
| Loss before tax | (354,704) | (92,043) | (28,057) | – | (474,804) |
| Tax expense | (44,589) | (19,651) | 3,497 | – | (60,743) |
| Loss for the year | <u>(399,293)</u> | <u>(111,694)</u> | <u>(24,560)</u> | <u>–</u> | <u>(535,547)</u> |

Included in other losses are:

| | | | | | |
|--|---------|----------|----|---|----------|
| Adjustment to variable consideration in respect of property disposal in prior year | – | (31,098) | – | – | (31,098) |
| Provision on obligation for an investment property disposed | – | (19,678) | – | – | (19,678) |
| Gain on disposal of property, plant and equipment | 5 | – | 10 | – | 15 |
| Surplus from liquidation of an associate | 950 | – | – | – | 950 |
| Reversal of impairment/ (impairment) of: | | | | | |
| - amount due from a joint venture | 1,296 | – | – | – | 1,296 |
| - investment properties | (965) | (21,069) | – | – | (22,034) |
| - property, plant and equipment | (2,386) | (3,579) | – | – | (5,965) |
| Changes in fair value of quoted investments | (214) | – | – | – | (214) |

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A7. Segment Information (continued)

b. Segment assets

| | Property Development | Investment and Asset Management | Leisure | Elimination | Total |
|-------------------------------|-------------------------|---------------------------------------|----------------|------------------|-------------------|
| As at 31 December 2021 | | | | | |
| Operating assets | 9,099,964 | 2,625,299 | 519,015 | (942,460) | 11,301,818 |
| Joint ventures and associates | 3,118,618 | 228,019 | – | (46,614) | 3,300,023 |
| | <u>12,218,582</u> | <u>2,853,318</u> | <u>519,015</u> | <u>(989,074)</u> | <u>14,601,841</u> |
| Tax assets | | | | | 654,819 |
| Total assets | | | | | <u>15,256,660</u> |
| As at 31 December 2020 | | | | | |
| Restated | | | | | |
| Operating assets | 9,080,516 | 2,408,814 | 550,092 | (515,437) | 11,523,985 |
| Joint ventures and associates | 2,428,595 | 233,262 | – | (46,614) | 2,615,243 |
| | <u>11,509,111</u> | <u>2,642,076</u> | <u>550,092</u> | <u>(562,051)</u> | <u>14,139,228</u> |
| Tax assets | | | | | 649,738 |
| Total assets | | | | | <u>14,788,966</u> |

A8. Revenue

| | Year ended 31 December | |
|--|---------------------------|------------------|
| | 2021 | 2020 |
| Revenue comprise the following: | | |
| Revenue from contracts with customers | 2,148,360 | 2,014,658 |
| Revenue from rental income | 71,564 | 48,123 |
| | <u>2,219,924</u> | <u>2,062,781</u> |
| Disaggregation of the Group's revenue from contracts with customers: | | |
| Geographical market | | |
| - Malaysia | 2,147,880 | 1,893,617 |
| - Vietnam | 480 | 549 |
| - Australia | – | 120,492 |
| | <u>2,148,360</u> | <u>2,014,658</u> |
| Timing of revenue recognition | | |
| - over time | 1,681,342 | 1,558,594 |
| - at point in time | 467,018 | 456,064 |
| | <u>2,148,360</u> | <u>2,014,658</u> |

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A9. Capital Commitments

| | As at 31 December 2021 | As at 31 December 2020 |
|---------------------------------|---------------------------|---------------------------|
| Contracted capital commitments: | | |
| - property, plant and equipment | 1,418 | 4,404 |
| - investment properties | 8,203 | 631 |
| - intangible assets | 655 | 456 |
| | <u>10,276</u> | <u>5,491</u> |

In addition, the Group's estimated commitment to subscribe for shares in joint ventures pursuant to the respective shareholders' agreements on joint ventures and/or as approved by the Board of Directors are as follows:

| | As at 31 December 2021 RM'million | As at 31 December 2020 RM'million |
|--|---|---|
| Joint ventures: | | |
| - Battersea Project Holding Company Limited (2021: £38.0 million; 2020: £150.0 million) | 214.0 | 823.9 |
| - Others | 73.9 | 57.6 |
| | <u>287.9</u> | <u>881.5</u> |

A10. Significant Related Party Transactions

Significant related party transactions during the year ended 31 December 2021 are as follows:

| | Year ended 31 December | |
|--|---------------------------|------------------|
| | 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>(135,759)</u> | <u>(232,828)</u> |
| b. Transactions with joint ventures | | |
| <u>Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd</u> Project management fees | - | 4,212 |
| <u>Aster Real Estate Investment Trust 1</u> Rental expense | <u>(17,578)</u> | <u>(17,415)</u> |
| c. Transactions with shareholders and Government | | |

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 58.17% as at 31 December 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 the Company.

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the year ended 31 December 2021 are as follows: (continued)

c. Transactions with shareholders and Government (continued)

Transactions entered by the Group 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 with the related parties are conducted in the ordinary course of the Group's businesses.

Significant transactions entered with shareholders and government-related entities during the financial year include:

| | Year ended 31 December | |
|---|---------------------------|--------------|
| | 2021 | 2020 |
| <u>Yayasan Sime Darby</u> | | |
| Contribution paid to Yayasan Sime Darby | (10,000) | (10,000) |
| <u>Sime Darby Berhad group</u> | | |
| Annual branding royalty fee | (2,000) | (2,000) |
| Deposit paid for land acquisition (refer below) | (28,000) | – |
| Rental income | 11,917 | 11,893 |
| <u>Sime Darby Plantation Berhad group</u> | | |
| Rental income | <u>11,285</u> | <u>7,428</u> |

During the financial year ended 31 December 2021, Sime Darby Property (MVB Central) Sdn Bhd had on 27 October 2021 entered into a Sale and Purchase Agreement (“SPA”) with Kumpulan Sime Darby Berhad (“KSDB”), a subsidiary of Sime Darby Berhad, to acquire part of the land held under GRN 76723 Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan measuring approximately 760.12 acres for a total cash consideration of RM280.0 million.

The land is part of the option land under the Call Option Agreements between SDPB and KSDB, which has been previously disclosed in Section 4.1.2(ii) of the Prospectus of SDPB dated 28 November 2017 issued pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad.

KSDB is a wholly owned subsidiary of Sime Darby Berhad.

The purchase price was arrived based on the joint valuation conducted by Sime Darby Property Berhad (“SDPB”) and KSDB in September 2021.

The payment terms are as follows:

- (a) 10% of the purchase price to be paid on signing of the SPA; and
- (b) 90% of the purchase price (“Balance Purchase Price”) to be paid within 3 months from the date when all conditions precedent are fulfilled or such other date as the parties may mutually agree in writing.

Completion of the SPA shall take place at the office of KSDB or such other place as the parties agree when the following business shall be transacted:

- (a) KSDB shall deliver a letter confirming delivery of vacant possession of the land;
- (b) A copy of the letter duly signed by KSDB and Sime Darby Plantation Berhad (“Tenant”) or such other documentary proof confirming the mutual termination of the tenancy in respect of the land which is currently tenanted to the Tenant pursuant to the tenancy agreement dated 19 July 2017 made between the KSDB and the Tenant (which term was renewed for another 3 years to expire on 28 June 2023); and
- (c) Full payment of the Balance Purchase Price to KSDB.

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the year ended 31 December 2021 are as follows: (continued)

| | Year ended 31 December | |
|---------------------------------------|---------------------------|----------|
| | 2021 | 2020 |
| d. Transaction with a Director | | |
| Sale of property to a Director | <u>2,034</u> | <u>–</u> |

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

On 1 November 2021, the Group via its wholly-owned subsidiary, Sime Darby Property (Vietnam) Pte Ltd entered into a Capital Transfer Agreement to dispose its entire 65% equity interest in OSC Sunrise Apartment Company Limited (“OSC”) to Goldswan Hospitality Investment Joint Stock Company for a cash consideration of VND60.0 billion (approximately RM10.8 million).

The disposal of OSC was completed on 10 February 2022.

Other than the above, there were no other material events subsequent to the end of the current quarter under review to 17 February 2022, being a date not earlier than 7 days from the date of issue of the quarterly report.

A12. Effect of Significant Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2021, other than disclosed below.

- a. On 21 July 2021, Sime Darby Property (MVV Central) Sdn Bhd (“MVV Central”) was incorporated in Malaysia with its entire share capital of RM1 held by Sime Darby Property Berhad. The principal activity of MVV Central is property development.
- b. On 21 July 2021, Sime Darby Property Ventures (HK) Limited (“SDP Ventures”) was incorporated in Hong Kong with its entire share capital of USD1 held by Sime Darby Property Berhad. The principal activity of SDP Ventures is investment holding, for the purpose of holding investment in an industrial development fund (“IDF”). The IDF structure has also been set up during the period, which comprise certain limited partnership, investment holding, property development and property investment companies as listed below:
 - (i) Sime Darby Property Industrial Development Fund LP
 - (ii) Sime Darby Property (IDF Holdings) Pte Ltd
 - (iii) Sime Darby Property (Industrial Development I) Sdn Bhd
 - (iv) Sime Darby Property (Industrial Development II) Sdn Bhd
 - (v) Sime Darby Property (Industrial Development III) Sdn Bhd
 - (vi) Sime Darby Property (Industrial Asset I) Sdn Bhd
 - (vii) Sime Darby Property (Industrial Asset II) Sdn Bhd
 - (viii) Sime Darby Property (Industrial Asset III) Sdn Bhd

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A12. Effect of Significant Changes in the Composition of the Group (continued)

- c. On 9 September 2021, Sime Darby Property (Capital Holdings) Pte Ltd (“SDPCH”) was incorporated in Singapore with its entire share capital of USD1 held by Sime Darby Property Berhad. The principal activity of SDPCH is investment holding.

On 10 September 2021, Industrial Joint Venture (Holdings) Pte Ltd (“JV Co”) was incorporated. Subsequently, on 29 September 2021, SDPCH entered into a Shareholders’ Agreement with LOGOS SE Asia Pte Ltd (“LOGOS”) to govern the parties’ relationship as shareholders to the JV Co. Based on the Shareholders’ Agreement, SDPCH holds 51% whilst LOGOS holds 49% in the JV Co. The purpose of the JV Co is to provide fund management and development services to industrial development funds established by the JV Co.

The subsidiaries of the JV Co are as follows:

- (i) SDPLOG - IDF 1 (Capital Partners) Pte Ltd (formerly known as Sime Darby Property (Capital Partners) Pte Ltd), a fund management company;
 - (ii) Sime Darby Property IDF GP Pte Ltd, an investment holding company; and
 - (iii) SDPLOG1 (Industrial Project Management) Sdn Bhd, a property development management company.
- d. On 10 September 2021, Sime Darby Property (BUP Asset I) Sdn Bhd (“BUP Asset”) was incorporated in Malaysia with its entire share capital of RM6.5 million held by Sime Darby Property Berhad. The principal activity of BUP Asset is property investment.
- e. On 9 November 2021, Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd (“Elmina Lakeside Mall”) was incorporated in Malaysia with its entire share capital of RM1.0 million held by Sime Darby Property Berhad. The principal activity of Elmina Lakeside Mall is property investment.

A13. Contingent Liabilities - unsecured

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

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A14. 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 December 2021 | As at 31 December 2020 |
|-------------------|-----------------------------------|-----------------------------------|
| Investments: | | |
| - quoted shares | – | 2,083 |
| - unquoted shares | <u>53,418</u> | <u>54,193</u> |
| | <u>53,418</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, net of impairment. 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

| | Year ended 31 December | | % |
|---|---------------------------|------------------|---------|
| | 2021 | 2020 Restated | + / (-) |
| Segment revenue | | | |
| Property development | 2,069,716 | 1,922,096 | 7.7 |
| Investment and asset management | 94,679 | 69,006 | 37.2 |
| Leisure | 55,529 | 71,679 | (22.5) |
| Revenue | <u>2,219,924</u> | <u>2,062,781</u> | 7.6 |
| Segment results: | | | |
| Property development | 276,350 | (325,952) | 184.8 |
| Investment and asset management | 118 | (39,035) | 100.3 |
| Leisure | (13,471) | (27,395) | 50.8 |
| | <u>262,997</u> | <u>(392,382)</u> | 167.0 |
| Other losses | (2,520) | (88,022) | |
| Profit/(Loss) before interest and tax ("PBIT"/("LBIT")) | <u>260,477</u> | (480,404) | 154.2 |
| Finance income | 102,773 | 109,944 | |
| Finance costs | (94,997) | (104,344) | |
| Profit/(Loss) before tax | <u>268,253</u> | (474,804) | 156.5 |
| Tax expense | (117,265) | (60,743) | |
| Profit/(Loss) for the year | <u>150,988</u> | <u>(535,547)</u> | 128.2 |
| Attributable to: | | | |
| - owners of the Company | 136,904 | (501,566) | 127.3 |
| - non-controlling interests | 14,084 | (33,981) | |
| Profit/(Loss) for the year | <u>150,988</u> | <u>(535,547)</u> | 128.2 |

The Group registered a revenue of RM2.2 billion and a PBIT of RM260.5 million for the year ended 31 December 2021 as compared to a revenue of RM2.1 billion and a LBIT of RM480.4 million in the corresponding period of the previous year.

The improved financial performance for the current year was mainly attributable to the property development segment which registered strong sales in residential and industrial products. Sales of residential products have improved significantly as compared to the previous year, supported by a healthy pipeline of launches during the year, intensive conventional and online marketing efforts, the Home Ownership Campaign and a low interest rate environment.

In contrast, LBIT in the corresponding period of previous year was negatively impacted by the initial waves of Covid-19 pandemic during which the Group had taken firm measures in reviewing the projects in its pipeline launches to ensure that the products are aligned to market demand, and to prevent the build-up of unsold inventories. Consequently, the Group recognised write-down/write-off of inventories totaling RM198.4 million and share of the impairment recognised by the Battersea Group of RM337.1 million (£62.4 million).

Other losses in prior year include downward adjustment to variable consideration in respect of a disposal of property in prior year, impairment of property, plant and equipment and impairment of investment properties totaling RM78.8 million.

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B1. Review of Group Performance (continued)

The results of each business segment are analysed below:

a) Property development

The property development segment continued to be the major contributor with an increase in segment revenue to RM2,069.7 million. This is mainly attributable to the higher sales and development activities in City of Elmina, Elmina Business Park, Bukit Jelutong, Bandar Ainsdale and KLGCC Resort coupled with higher sales of completed inventories in KL East, KLGCC Resort, Melawati and Planters' Haven.

The segment profit improved significantly with a profit of RM276.4 million as compared to a loss of RM326.0 million recorded in the corresponding period of the previous year. In the previous year, the development activities and the registration of new sales were affected by the initial waves of Covid-19 pandemic to a greater extent, which led to the implementation of Movement Control Order ("MCO"). The segment performance was further impacted by write-down/write-off of inventories totalling to RM198.4 million.

The Group registered a lower share of losses from joint ventures and associates of RM24.2 million as compared to the adjusted loss of RM57.3 million (which excludes the impairment recognised by the Battersea Group in prior year). The lower losses were due mainly to higher contribution from PJ Midtown and lower operating expenses incurred by Battersea in the current year.

b) Investment and asset management

The investment and asset management segment saw an increase in segment revenue to RM94.7 million with the first full year of operating revenue from KL East Mall, as compared to RM69.0 million in the corresponding period of the previous year.

The segment recorded a marginal profit as compared to a loss of RM39.0 million in the corresponding period of the previous year. The significant improvement is mainly contributed by KL East Mall as prior year's results was impacted by pre-operating expenditure incurred in preparation for the opening of KL East Mall, as well as lower share of losses from Melawati Mall this year.

c) Leisure

Leisure segment registered a segment revenue of RM55.5 million as compared to RM71.7 million in the corresponding period of the previous year. Contribution from events and functions remains low following the Covid-19 pandemic outbreak and temporary closures during periods of lockdown.

The segment registered lower losses of RM13.5 million as compared a loss of RM27.4 million in the previous year mainly due to lower operating costs upon consolidation of its operation with a focus on manpower optimisation, despite lower revenue in the current year.

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

| | Quarter ended 31 December 2021 | 30 September 2021 | % +/(–) |
|---|--------------------------------------|----------------------|------------|
| Segment revenue | | | |
| Property development | 692,368 | 356,531 | 94.2 |
| Investment and asset management | 29,226 | 20,703 | 41.2 |
| Leisure | 17,778 | 11,006 | 61.5 |
| Revenue | <u>739,372</u> | <u>388,240</u> | 90.4 |
| Segment results: | | | |
| Property development | 107,598 | 9,317 | 1,054.9 |
| Investment and asset management | 9,448 | (6,123) | 254.3 |
| Leisure | 2,075 | (9,304) | 122.3 |
| | <u>119,121</u> | <u>(6,110)</u> | 2,049.6 |
| Other losses | (2,432) | (660) | |
| Profit/(Loss) before interest and tax (“PBIT”/“LBIT”) | 116,689 | (6,770) | 1,823.6 |
| Finance income | 25,665 | 24,345 | |
| Finance costs | (21,547) | (22,400) | |
| Profit/(Loss) before tax | 120,807 | (4,825) | 2,603.8 |
| Tax expense | (46,478) | (11,114) | |
| Profit/(Loss) for the period | <u>74,329</u> | <u>(15,939)</u> | 566.3 |
| Attributable to: | | | |
| - owners of the Company | 72,187 | (15,795) | 557.0 |
| - non-controlling interests | 2,142 | (144) | |
| Profit/(Loss) for the period | <u>74,329</u> | <u>(15,939)</u> | 566.3 |

Group revenue for the current quarter has improved to RM739.4 million from RM388.2 million, an increase of 90.4% as compared to the preceding quarter. The improved performance is reflective of improved market sentiments across all segments, with revenue from the property development segment almost doubling in the current quarter. Accordingly, the profit for the current quarter improved significantly to RM74.3 million as compared to a loss of RM15.9 million in the preceding quarter.

The results of each business segment are analysed below:

a) Property development

Significant improvement was shown under the property development segment. Revenue has increased by 94.2% to RM692.4 million in the current quarter. The segment result saw a tenfold increase from a profit of RM9.3 million in the preceding quarter to a profit of RM107.6 million in the current quarter.

The improved operational performance was attributable to property sales of on-going projects and increased on-site development activities in City of Elmina, Bandar Bukit Raja, Serenia City, Nilai Impian, Subang Jaya City Centre, Bukit Jelutong, Bandar Ainsdale, Putra Heights and Bandar Universiti Pagoh.

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

The results of each business segment are analysed below: (continued)

b) Investment and asset management

The investment and asset management segment registered a segment revenue of RM29.2 million, higher than that of the preceding quarter by 41.2%. The segment results in the current quarter has improved to a profit of RM9.4 million as compared to the preceding quarter of a loss of RM6.1 million. The significant improved in results was mainly due to an increase in retail activities upon easing of lockdowns which led to higher contribution by KL East Mall, coupled with share of profit from Melawati Mall of RM1.3 million as compared to the preceding quarter of a loss of RM3.7 million. Losses in the preceding quarter include rental rebates granted to the tenants.

c) Leisure

The leisure segment also benefited from the easing of lockdowns in the current quarter and registered a growth of 61.5% in its segment revenue to RM17.8 million. Both golfing and food & beverages observed recovery in the current quarter as business closures during the lockdown has negatively impacted the segment results in the preceding quarter. The segment registered a profit of RM2.1 million, as compared to a loss of RM9.3 million in the preceding quarter when revenue was insufficient to sustain fixed costs.

B3. Prospects

Sime Darby Property's financial results for the year ended 31 December 2021 ("FY2021") closed with the Group achieving its sales at RM3.0 billion, exceeding its sales target by approximately 25 percent. This achievement was underpinned by the Group's launches worth RM3.7 billion in Gross Development Value ("GDV"), low interest rate environment and homebuying incentives offered by the Government to spur the property market. Revenue and profits attributable to owners of the Group remained intact for FY2021 at RM2.2 billion and RM136.9 million respectively.

The Malaysian property market and economy's recovery in 2022 is supported by the Government's commitment to enhance Covid-19 controls to avoid further lockdowns. This is also aided by the continued low interest rate in the market.

In 2022, Sime Darby Property will continue to be guided by its Corporate Priorities in growing its business. The priorities include broadening the Group's recurring income streams; deepening competencies to improve resilience and market offerings; enhancing key enablers including digitalisation, innovation and sustainability to disrupt operations positively; and developing new capabilities that synergise with our business expansion plans.

These priorities are in place for Sime Darby Property to evolve from a pure-play developer to a real estate company. Our initiatives this year will include strategic launches across landed, high-rise and the industrial & logistics development segments, a tactical land bank monetisation programme, and introduce more recurring income streams. The Group will also further embed sustainability principles in its businesses, as well as pilot new technology & innovation features that will complement the Group's businesses, namely in home design and placemaking.

As at 31 December 2021, the Group's resilience is buoyed by a moderate net gearing ratio of 0.32 times and unbilled sales of RM2.4 billion. Total bookings as at 6 February 2022 stood at RM2.1 billion. In 2022, the Group will target a healthy pipeline of new launches with a total of RM2.8 billion in GDV in 2022.

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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 December | | Year ended 31 December | |
|---|------------------------------|------------------|---------------------------|------------------|
| | 2021 | 2020 Restated | 2021 | 2020 Restated |
| Included in operating profit are: | | | | |
| Depreciation and amortisation | (16,324) | (18,057) | (64,694) | (62,097) |
| Write-off of: | | | | |
| - property development expenditure | (398) | 4,113 | (2,543) | (73,111) |
| - property, plant and equipment | 85 | 25 | (98) | (237) |
| Write-down of inventories | (1,882) | (23,589) | (1,882) | (125,284) |
| Reversal of impairment/(impairment) of receivables | 4,558 | 3,046 | 1,503 | (12,837) |
| Investment income | - | - | 192 | - |
| Bad debts recovered | - | - | - | 67 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>67</u> |
| Included in other losses are: | | | | |
| Gain on disposal of: | | | | |
| - investment properties | - | - | 948 | - |
| - property, plant and equipment other than land and buildings | - | - | - | 15 |
| Surplus from liquidation of an associate | - | - | - | 950 |
| Reversal of impairment/(impairment) of: | | | | |
| - property, plant and equipment | (415) | (5,965) | (415) | (5,965) |
| - quoted investments | (2,083) | - | (2,083) | - |
| - amount due from a joint venture | - | - | - | 1,296 |
| - investment properties | - | (22,034) | - | (22,034) |
| Adjustment to variable consideration in respect of property disposal in prior year | - | (31,098) | - | (31,098) |
| Provision on obligation for an investment property disposed | - | (13,067) | - | (19,678) |
| Changes in fair value of quoted investments | 62 | 889 | - | (214) |
| Net foreign exchange gains/(losses) | 4 | 2,157 | (970) | (11,294) |
| | <u>4</u> | <u>2,157</u> | <u>(970)</u> | <u>(11,294)</u> |

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B6. Tax Expense

| | Quarter ended 31 December | | Year ended 31 December | |
|-----------------------------------|------------------------------|------------------|---------------------------|------------------|
| | 2021 | 2020 Restated | 2021 | 2020 Restated |
| In respect of the current period: | | | | |
| - current tax | 41,726 | 32,046 | 95,143 | 88,533 |
| - deferred tax | (21,304) | 4,673 | (5,815) | (6,526) |
| | <u>20,422</u> | <u>36,719</u> | <u>89,328</u> | <u>82,007</u> |
| In respect of prior years: | | | | |
| - current tax | 18,790 | (6,748) | 15,661 | (13,549) |
| - deferred tax | 7,266 | (9,382) | 12,276 | (7,715) |
| | <u>46,478</u> | <u>20,589</u> | <u>117,265</u> | <u>60,743</u> |

The effective tax rates for the current quarter and for the year ended 31 December 2021 of 37.1% and 39.5% are higher than statutory tax rate of 24% due to certain expenses are disallowed for tax deduction and deferred tax asset is not recognised for losses incurred by some subsidiaries.

B7. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 17 February 2022, being a date not earlier than 7 days from the date of issue of the quarterly report .

B8. Group Borrowings

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

| | Secured | Unsecured | Total |
|--|------------------|------------------|------------------|
| <u>Long-term borrowings</u> | | | |
| Term loans | 476,668 | – | 476,668 |
| Islamic financing | 719,058 | – | 719,058 |
| Syndicated Islamic financing | 532,763 | – | 532,763 |
| Islamic medium term notes | – | 799,095 | 799,095 |
| Amounts due to non-controlling interests | – | 228,779 | 228,779 |
| | <u>1,728,489</u> | <u>1,027,874</u> | <u>2,756,363</u> |
| <u>Short-term borrowings</u> | | | |
| Term loans due within one year | 44,679 | – | 44,679 |
| Islamic financing due within one year | 211,836 | – | 211,836 |
| Syndicated Islamic financing | 84,468 | – | 84,468 |
| Islamic medium term notes | – | 2,087 | 2,087 |
| Revolving credits | – | 732,167 | 732,167 |
| | <u>340,983</u> | <u>734,254</u> | <u>1,075,237</u> |
| Total borrowings | <u>2,069,472</u> | <u>1,762,128</u> | <u>3,831,600</u> |

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B8. Group Borrowings (continued)

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

| | Secured | Unsecured | Total |
|------------------|------------------|------------------|------------------|
| Borrowings | | | |
| - principal | 2,062,180 | 1,758,974 | 3,821,154 |
| - interest | 7,292 | 3,154 | 10,446 |
| Total borrowings | <u>2,069,472</u> | <u>1,762,128</u> | <u>3,831,600</u> |

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

| | Long-term borrowings | Short-term borrowings | Total |
|------------------|---------------------------------|----------------------------------|------------------|
| Ringgit Malaysia | 2,756,363 | 421,070 | 3,177,433 |
| Sterling Pound | – | 654,167 | 654,167 |
| Total borrowings | <u>2,756,363</u> | <u>1,075,237</u> | <u>3,831,600</u> |

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

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B9. Material Litigations

Changes in material litigations since the date of the last audited annual statement of financial position up to 17 February 2022, being a date not earlier than 7 days from the date of issue of the quarterly report are as follows:

a) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd (“SDPAD”)

A civil suit was commenced by 72 purchasers (reduced to 71 purchasers pursuant to the Plaintiffs’ amendment application which was allowed in parts on 15 November 2021 as stated below) 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 together with the Judge and the Plaintiffs. 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. On 15 November 2021, the court allowed the Plaintiffs’ amendments to their claim in part with costs to be paid by the Plaintiffs to SDPAD. Further trial dates have been fixed in April, May, July and August 2022.

The Plaintiffs’ claim is divided into various allegations leveled 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.

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 an amendment to its claim where it had, amongst others, amended its claim for specific damages from approximately RM41.9 million (pursuant to its Statement of Claim of 19 June 2020) to approximately RM42 million. In response, the Respondent made consequential amendments to its Statement of Defence and Counterclaim (which also consists of a claim for specific damages of approximately RM17.5million) and filed its revised Statement of Defence and Counterclaim on 12 March 2021.

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 continued for another 28 days on various dates between June 2020 to March 2021. Further hearing dates have been fixed in June, August and September 2022.

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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B9. Material Litigations (continued)

Changes in material litigations since the date of the last audited annual statement of financial position up to 17 February 2022, being a date not earlier than 7 days from the date of issue of the quarterly report are as follows: (continued)

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

On 26 June 2015, SDP Klang was awarded an aggregate compensation of RM169.3 million (“LA’s Award”) by the Land Administrator (“Respondent”) in respect of the acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway (collectively “Acquiring Authority”) of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor (“Lands”) for the construction of the West Coast Expressway project, which consists of the aggregate compensation for market value of the Lands (“MV”) of RM90.7 million and the aggregate compensation for severance and injurious affection (“IA”) of RM78.6 million.

The Acquiring Authority’s and SDP Klang’s respective objections to the LA’s Award were later referred to the High Court of Malaya (“High Court”), and heard simultaneously, despite not being consolidated. On 22 March 2017, the High Court held, inter alia, that the MV is to be maintained at RM90.7 million, whilst the IA is to be reduced to RM72.9 million. Consequently, two separate High Court Orders were drawn up, each hereby referred to as “SDP Klang Order” and “Acquiring Authority Order”. No appeal was filed in respect of the SDP Klang Order whilst the Acquiring Authority chose to appeal against the Acquiring Authority Order.

On 22 October 2018, the Court of Appeal upon hearing the Acquiring Authority’s appeal, remitted the Acquiring Authority’s Land Reference to the High Court to be re-heard before a new Judge (“Re-Hearing”). The hearing date for the Re-Hearing has been fixed from 8 to 10 June 2022.

On 21 September 2020, the Acquiring Authority filed an Originating Summons (“OS”) to set aside the SDP Klang Order, which was allowed by the High Court on 21 September 2021 (“OS Decision”). On 18 October 2021, SDP Klang filed an appeal to the Court of Appeal against the OS Decision (“Appeal”). The hearing date of the Appeal has yet to be fixed.

At this juncture, the solicitors for SDP Klang are of the view that there is an even chance that the High Court Judge in the Re-Hearing may arrive at a similar decision made by the earlier High Court Judge on 22 March 2017 (as reflected in the SDP Klang Order/ Acquiring Authority Order), namely that the Award of compensation for IA to SDP Klang would be in the region of approximately RM72.9 million.

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B10. Earnings Per Share

| | Quarter ended 31 December | | Year ended 31 December | |
|--|------------------------------|------------------|---------------------------|------------------|
| | 2021 | 2020 Restated | 2021 | 2020 Restated |
| Basic earnings/(loss) per share attributable to owners of the Company are computed as follows: | | | | |
| Profit/(Loss) for the period/year | <u>72,187</u> | <u>(56,641)</u> | <u>136,904</u> | <u>(501,566)</u> |
| Number of ordinary shares in issue (thousand) | <u>6,800,839</u> | <u>6,800,839</u> | <u>6,800,839</u> | <u>6,800,839</u> |
| Basic earnings/(loss) per share (sen) | <u>1.1</u> | <u>(0.8)</u> | <u>2.0</u> | <u>(7.4)</u> |

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

Selangor Darul Ehsan
24 February 2022

By Order of the Board
Noreen Melini Muzamli
LS0008290
Group Company Secretary