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47301 Petaling Jaya, Selangor

6 June 2025

PERMODALAN NASIONAL BERHAD

Menara Merdeka 118
Presint Merdeka 118
50118, Kuala Lumpur

Attn : Puan Hanizan Hood, Group Chief Investment Officer

Dear Puan Hanizan,

**SIME DARBY PROPERTY BERHAD (“SIME PROP” / “SDP” / “THE COMPANY”):
SHAREHOLDER ENQUIRY AT THE ANNUAL GENERAL MEETING (“AGM”)**

We refer to your letter which was emailed to us on 14 May 2025 in relation to the above.

Please find our responses to the following questions which will also be read out at the AGM to be held on Tuesday, 10 June 2025:

Strategic Questions

- 1) **To disclose the Total Shareholder’s Returns (TSR) of SDP for the past 1,3 and 5 years up to the end of the financial year ended 2024. What would the Board attribute the performance to?**

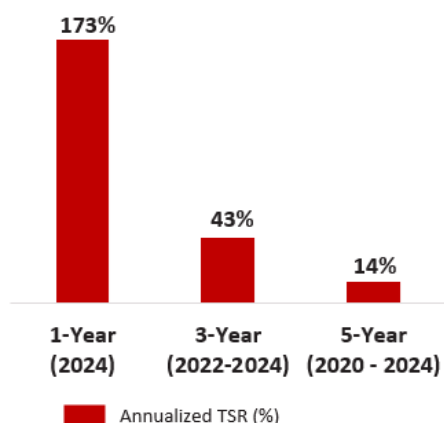
Response:

Sime Darby Property’s annualized Total Shareholder Returns (TSR) amounted to 173% (1Y), 43% (3Y), and 14% (5Y), respectively. This reflects sustained value creation underpinned by clear strategic priorities and a successful track record in execution and delivery.

The Board attributes this outperformance to:

- **Multi-Year Growth Strategy** anchored on SHIFT25 transforming the Group into a real estate player with broader income streams, deepening internal capabilities and building a more resilient portfolio.
- **Strong management team** delivering strategic clarity, operational discipline, and fostering improved investor confidence across market cycles.
- **Shift towards a recurring income model**, with growing contributions from new asset classes, supported by institutional capital and funds platform, ensuring long-term earnings visibility and improved valuation.
- **Secured High-Growth Contracts**, including landmark hyperscale data centres in partnership with global tech partner, serving as a catalyst for scalable & future-ready recurring income.

Annualized Total Shareholder Return (%)



TSR for Sime Prop is largely driven by share price appreciation, with dividends on an upward trend and set to improve further alongside earnings.

Note: Assume dividends are not reinvested.
In the event dividends are reinvested, TSR would amount to 180% in FY2024
(Source: CapitalIQ)

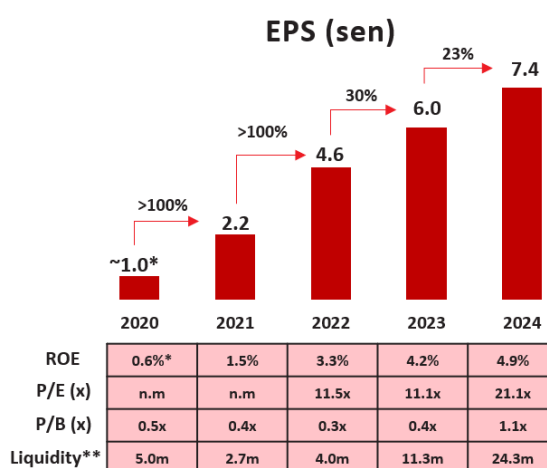
- 2) The Board's views on what are the one or two key critical drivers of TSR for the company. Would this be return on equity, EPS growth or any other metric? If so, what was the performance on these metrics for the past 1,3 and 5 years?

Response:

The Board views **earnings per share (EPS) growth** is the main critical driver of TSR for the Company. These outcomes reflect the progress our **SHIFT25 strategy** and overall improvement in investor confidence and sentiment.

Key performance highlights include:

- **The annualized EPS growth of 23% (1Y), 51% (3Y), 10% (5Y)** respectively, driven predominantly by strong delivery of our core Property Development segment supported by a diversified product mix that aligns with market demand.
- This was further reinforced by a healthy gearing position of 24.3%, reflecting disciplined capital management and effective recycling of capital into earnings accretive investments. Together, these factors have contributed to an **improved ROE to ~5%** in FY2024.
- **Expansion in valuation and trading multiples with P/E (x) rising to 21.1x in 2024 and P/B improving to 1.1x**, contributed by enhanced quality of earnings including a growing recurring income portfolio, and improved average daily liquidity driven by increased local/foreign institutional and retail participation.



Note:

*2020 EPS & ROE are excluding one-off (impairments and write-downs).

**Liquidity is based on average daily traded shares

3) **What are the strategic initiatives that are being put in place by the Company to improve these key drivers and enhance TSR for the next three years?**

Response:

The Group is executing the following long term strategic initiatives under our SHIFT25 strategy to drive EPS growth and ROE, aimed at pivoting from a pure-play property developer into a real-estate company with diversified income streams:

- **Maximise our core Property Development** business by executing a sustainable launch pipeline, including activating new townships across growth corridors with a well-balanced product mix (including industrial products which carry a higher margin) that aligns with market demand to ensure sustained earnings growth. In addition, the business will progressively shift towards developing more yield-accretive build-to-core assets which will be retained for long term recurring income and drive value uplift within our townships.
- **Scale Recurring Income and Funds Platform** by building a strong track record in asset management, growing assets under management (AUM) and launching funds backed by institutional investors to recycle capital. These will enable us to grow under an asset-light approach while generating fee-related earnings and contribute significant uplift of recurring income to reach our target income split, anchoring our efforts to boost a sustainable ROE.
- **Driving Inorganic Growth and Strategic Partnerships** through selective earnings accretive acquisitions, co-investments and joint-ventures that accelerate portfolio diversification and unlock new revenue pools. The Group is actively exploring new growth area including Engine 3 opportunities which may be scalable to be earnings accretive.
- **Maintain strong financial discipline** by ensuring efficient capital allocation, strong cost control to defend against margin compression amid inflationary environment and macroeconomic headwinds.

The strategies outlined above are well-considered and attainable. However, some of these initiatives will take over three years to materialize as they serve as critical building blocks for sustainable value creation and long-term TSR growth.

Other Questions

4) **The SHIFT25 strategy aims to deliver an income split of 70% Property Development and 30% recurring income. Since the launch of the strategy, notable strides have been shown toward the aspiration; however, even with 2025 almost halfway through, the income split target remains elusive. What are the key challenges in this regard, and what has the Company planned to overcome them?**

Response:

The SHIFT25 strategy set a bold 70:30 income split target to diversify earnings through recurring income streams. While the **current ~90:10 mix** reflects the continued **strength & growth of our core Property Development segment**, we have made **strong progress & notable strides in growing our Investment & Asset Management** including the launch of our first Industrial Development Fund in 2022.

Over the last 5 years, the total AUM has grown by RM2.7 billion or 170% to RM4.4 billion in FY2024. Including the pipeline secured, the AUM is expected to grow by >100% in the next 2 years and will contribute significant uplift of recurring income to reach our target income split, reinforcing our strategic evolution into a real estate company with investment and fund management platform.

Challenges persist, particularly in **scaling assets organically with longer gestation period** and **sourcing investment-grade deals that meet our return thresholds**. Nonetheless, we remain focused on disciplined execution and capital efficiency to grow recurring income and future-proof the business.

- 5) Could the management please elaborate on SDP's strategic oversight regarding the monetisation of non-core and low-yield land assets (i.e. non-core land)? What decision making processes are in place for pursuing outright sales, joint ventures, or self-development? Additionally, what principles guide the prioritization of these options to ensure long-term value creation for shareholders?

Response:

Since 2020, Sime Darby Property has monetised nearly all of its non-core land identified for sale, selling approximately 1,100 acres representing about 45% of the total non-core land portfolio. All monetisation exercises follow a clearly defined governance process and commercially driven approach - outright sales are **conducted via competitive bids/tenders to maximise value**. The transactions are supported by independent valuation and **deliberated by the Board or delegated authority** to ensure alignment with our long-term value creation objectives and capital efficiency.

The remaining non-core land parcels are being **strategically repurposed for Experimental Bets (Engine 3) ventures including Affordable Homes and Solar Projects**, aligned with our SHIFT25 strategy and Purpose to be a value multiplier for people, businesses, economies and the planet.

- 6) In light of the global economic uncertainties, what specific risks and opportunities in Malaysia and overseas does the Company foresee impacting its business particularly its data centre contracts with Google? What proactive measures are being implemented to mitigate the potential adverse effects and capitalise on emerging trends?

Response:

Global economic uncertainties continue to weigh on overall market sentiment as key downside risks across all sectors. However, Malaysia remains an attractive and emerging data centre hub, driven by cost advantages, significant AI investments, and robust demand, despite the backdrop of trade uncertainties and AI chip export restrictions.

In regards to the data centre contracts, the **Group's position remains relatively stable and de-risked given the secured 20-year long-term lease with a leading US-based hyperscaler. Our scope of work is subsequently limited to solely providing a powered shell and core facility, resulting in lower exposure to changes in restrictions.**

With growing demand for digital infrastructure, the Group is well-positioned to capitalise on its strategic landbank and development expertise to deliver complex data centre projects and infrastructure.

- 7) Globally, a prevailing trend among top Real Estate companies has been to pivot toward an asset-light or platform model, optimizing their returns through and efficient use of capital. Can a similar model be emulated by the Company, particularly in its Property Development business?

Response:

As part of our SHIFT25 strategy, we are in the journey of pivoting to a real estate company with fund-platform model to optimise capital efficiency and generate fee-related earnings.

We began this transition in 2021 with the introduction of our Industrial Development Fund under the SDPLOG joint venture, which successfully achieved its final close above RM1 billion.

Building on that success, we are constantly **evaluating opportunities to extend this platform approach across the broader value chain of Property Development** to unlock new fee streams, reduce capital intensity and scale our developments more efficiently.

Please let us know should you require any further clarification.

Thank you.

Yours faithfully,

SIME DARBY PROPERTY BERHAD

DATO' SERI AZMIR MERICAN

Group Managing Director & Chief Executive Officer

Copy to : YBhg. Dato' Rizal Rickman Ramli
Chairman, Sime Darby Property Berhad

Appendix

Computation of Annualized Shareholders Return %

Period [n = no. of years]	Beginning Share Price (RM) ¹ [A]	Ending Share Price (RM) ² [B]	Share Price Gain (RM) [C=B-A]	Cumulative Dividends (RM) [D]	Total Return (RM) [E=C+D]	TSR (%) [F=E/A]	Annualised TSR (%) [[1+F] ^{1/n} -1]
1Y: 2024	0.63 (29 Dec 23)	1.69 (31 Dec 24)	1.06	0.03	1.09	173.0%	173.0%
3Y: 2022 – 2024	0.60 (31 Dec 21)		1.09	0.06	1.15	191.7%	42.9%
5Y: 2020 - 2024	0.92 (31 Dec 19)		0.77	0.10	0.87	94.6%	14.2%

Note:

1. Beginning Price is based on closing price of the day before the beginning period (1-Year: 29 Dec 2023, 3-Year: 31 Dec 2021 and 5-Year: 31 Dec 2019)
2. Ending price is the year-end price as at 31 Dec 2024

Computation of Annualized EPS Growth %

Period [n = no. of years]	Beginning EPS (sen) [A]	Ending EPS (sen) [B]	EPS Growth (sen) [C=B-A]	EPS Growth (%) [D=C/A]	Annualised EPS Growth (%) [(1+D) ^{1/n} -1]
1Y (FY23 to FY24)	6.00 (FY2023)	7.38 (FY2024)	1.38	23.1%	23.1%
3Y (FY21 to FY24)	2.16 (FY2021)		5.22	241.9%	50.6%
5Y (FY19 to FY24)	4.59 ¹ (FY2019)		2.80	61.0%	10.0%

Note:

1. FY2019 EPS is based on Core PATAMI of RM312mil which excluded one-offs (amounted to RM286.5mil as reported)