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9 June 2026

PERMODALAN NASIONAL BERHAD
Menara Merdeka 118
Presint Merdeka 118
50118, Kuala Lumpur

Attn : Encik Muazzam Mohamad, Head, Investment Stewardship

Dear Encik Muazzam,

SIME DARBY PROPERTY BERHAD ("SDP" or "THE COMPANY"):
- SHAREHOLDER ENQUIRY AT THE ANNUAL GENERAL MEETING ("AGM")

We refer to your letter which was emailed to us on 6 May 2026 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 Wednesday, 10 June 2026:

Strategic Questions

1) To disclose the Total Shareholders' Returns ("TSR") of SDP for the past 1, 3, and 5 years up to the end of the financial year ended 2025. What would the Board attribute the performance to?

Response:

Annualised TSR	Sime Darby Property	Bursa Property Index
1 Yr (31 Dec 24 – 31 Dec 25)	-16.0%	-6.0%
3 Yr (30 Dec 22 – 31 Dec 25)	+49.7%	+18.4%
5 Yr (31 Dec 20 – 31 Dec 25)	+18.7%	+7.7%

Source: CapitalIQ
Note: Above TSR assumes dividends are reinvested.

The negative 1-year TSR in 2025 was impacted by broader market headwinds rather than underlying operational performance, as investor sentiment weakened amid geopolitical risks, global trade tariff uncertainties and foreign fund outflows impacting the Malaysian equity market.

Despite the short-term volatility, the Group's long-term TSR performance of 18.7% annualized TSR from 2021 – 2025 is underpinned by the following:

- **Execution of the Multi-year Growth Strategy anchored on SHIFT25 transforming the group into a Diversified Real Estate Company, achieving:**
  - Revenue increased from RM2.2 billion (FY21) to RM4.2 billion (FY25) | CAGR: 17%
  - PATAMI increased from RM147 million (FY21) to RM518 million (FY25) | CAGR: 37%
  - Sales increased from RM2.9 billion (FY21) to RM4.2 billion (FY25)

- **Strong management team with successful track record in execution and delivery** enhanced strategic clarity and strengthened investor confidence in the Group's long-term growth plans.

- **Growth in Assets Under Management from RM1.5 billion (FY22) to RM2.8 billion (FY25)** (RM4.4 billion as at Apr 2026); driven mainly by retail, industrial and data centre developments.

2) The Board attributed TSR performance to EPS growth in FY2024. Is this still relevant in FY2025? If so;

i. How did the earnings growth over the last financial year translate into overall TSR?
ii. What were the key factors underpinning the EPS growth and to what extent does the Board consider these earnings to be sustainable going forward?

Response:

Yes, the Board continues to view earnings growth as the main driver of long-term TSR performance.

i. In FY2025, the Group achieved the **highest PBT of RM803.4m** since year 2017 and recorded EPS of 7.6 sen (FY2024: 7.4 sen), representing **annualized EPS growth of 3.1% (1Y) and 17.9% (3Y)** respectively. However, this was not reflected in the short-term 1-year TSR of -16% largely attributable to weaker market sentiment arising from global trade tensions and tariff-related uncertainties during the year.

ii. The EPS growth and future earnings sustainability achieved under SHIFT25 were underpinned by the following key factors:

- **Maximising Core Property Development** through a diversified product mix, strong launch pipeline and activation of two new industrial townships for growth. The Group achieved the **highest Unbilled Sales of RM3.9b in FY2025** which provides strong earnings visibility over the next 3 years.

- **Scaling recurring income and AUM expansion** supported by retail, industrial and data centre developments, alongside the successful closing of the first Industrial Development Fund. **Total AUM has further increased to RM4.4b** (as at April 2026) which will contribute significantly to the Group's 30% recurring income mix target and future sustainable earnings.

- **Inorganic Growth and Strategic Partnerships** including the Group's strategic entry into Melbourne, Australia, acquisition of BBR Industrial Gateway assets, as well as joint ventures with SD Guthrie to expand portfolio and broaden new income streams.

3) At the previous AGM, the Board outlined strategic initiatives to drive TSR - Maximising Core Property Development, Scaling Recurring Income and Funds Platform, Driving Inorganic Growth and Strategic Partnerships and Maintain Strong Financial Discipline.

i. Could the Company provide an update and progress under these strategic initiatives over the past year?
ii. Following that, could the Company outline the forward plans for each strategic initiative?

Response:

The Group continued to make meaningful progress across the strategic initiatives outlined at the previous AGM under the SHIFT25 strategy, that includes:

1. **Maximising Core Property Development** through **record sales of RM4.2 billion** across a **diversified product mix**, activation of two new industrial townships (Vision Business Park and Bandar Bukit Raja Business Park) and unbilled sales of RM3.9 billion, providing earnings visibility beyond the next three years. The Group also expanded beyond the traditional development model with a **build-to-lease pipeline of ~RM4.0 billion**.

2. **Scaling Recurring Income and Investment Platforms** through the completion of **Data Centre 1** at Elmina Business Park, opening of **KLGCC Mall** and continued growth in industrial assets. Under the Industrial Development Fund, **Metrohub 1 and 2 achieved 100% occupancy**, while AUM expanded to **RM4.4 billion currently**, with total AUM **expected to exceed RM10 billion by 2028**.

3. **Driving Inorganic Growth and Strategic Partnerships** through **the joint venture with SD Guthrie Berhad** for industrial and logistics developments in Carey Island and Kuala Selangor, alongside collaboration with AIMA for the **affordable homes** segment. The Group also marked its **strategic entry into Melbourne, Australia** through a mixed-use development project with an estimated GDV of approximately AUD1 billion.

4. **Maintaining Strong Financial Discipline** through disciplined capital allocation, active portfolio management and operational efficiencies, while maintaining a healthy net gearing ratio of 35.9% to support future expansion of AUM.

Collectively, these initiatives continue to strengthen the Group's earnings growth, expand its recurring income base for earnings visibility and maintain a healthy balance sheet to support long-term value creation.

Building on these strategic pillars, SHIFT32 focuses on maximising Core Property Development and scaling recurring income through expanding to new geographies, new asset classes and strengthening our development management & operatorship capabilities.

Other Questions

4) **As the Company is planning to expand into data centers, industrial business parks and logistics facilities, is there a risk of near-term dilution to ROE, given the higher capital intensity to develop and acquire these assets?**

Response:

Expansion into data centres, industrial business parks and logistics assets can be more capital intensive if undertaken solely on the Group's balance sheet and may result in short-term ROE dilution during the investment and development phases. Upon stabilization, these **investment-grade assets** are expected to generate **NPI yield of above 6%,** which is in line with market benchmark and **accretive to the Group's ROE**.

Under SHIFT32, the Group is scaling these businesses through third-party investment platforms such as the **Industrial Development Fund (IDF)** and **New Economy Venture Fund (NEV)**; raising approximately **RM1.0 billion and RM1.25 billion of third-party capital**, respectively. This enables the Group to grow its Assets Under Management (AUM) while **optimising capital deployment** and preserving its balance sheet.

In addition, the Group is expanding its role across the real estate value chain as a developer, development manager and fund manager; generating a combination of development profits, recurring rental income and fee-based earnings. **Including fee-based earnings, the Group's ROE is expected to improve further without additional capital commitment.**

5) **The SHIFT32 Strategy targets an increasing contribution from recurring income streams. What are the key initiatives that would need to materialize to achieve this aspiration? Can investors expect a higher dividend payout ratio going forward?**

<u>**Response:**</u>

Under SHIFT32, the Group's next phase of transformation will focus on evolving into a diversified and platform-driven real estate company with stronger recurring income and investment capabilities to enhance earnings resilience and long-term sustainability.

- **Evolution of Property Development business model** into a full-fledged development management platform, providing end-to-end solutions to third-party clients while broadening product offerings and geographical reach; contributing to fee-based income.

- **Institutionalising Investment Platforms** by scaling investment management capabilities to grow funds under management and fee-based income, while leveraging on third-party capital to accelerate expansion of investment and recurring income assets.

- **Strengthening Operating Platforms** through enhanced operatorship and asset management capabilities across key operating platforms to drive value creation, operational performance and long-term recurring income growth, particularly within community-enabling and infrastructure-related assets.

The initiatives above are expected to strengthen recurring income contribution and support the **targeted 70:30 income mix** between Non-Recurring/ Recurring Income by 2028.

In terms of dividend policy, the Group remains committed to delivering sustainable returns to shareholders while balancing growth and capital requirements. As the Group grows its recurring income mix, the Group intends to revisit the dividend framework to ensure alignment with the Group's earnings profile and long-term value creation objectives.

6) **With current ESG initiatives such as carbon taxes, how have raw material prices been affected by these regulations? Additionally, are there any other ways ESG requirements are impacting SDP's financial performance that investors should be concerned about?**

<u>**Response:**</u>

The Group continues to monitor developments relating to the proposed carbon tax implementation which is **currently on hold**.

The Group recognises that sustainability-related factors are increasingly important to long-term business resilience, operational excellence and value preservation. As outlined in the Group's Sustainability Report 2025, sustainability is not viewed as an optional extra, but rather as a strategic tool that supports the Group's long-term competitiveness, resilience and ability to create sustainable value for stakeholders.

While certain ESG initiatives may involve additional investments or compliance requirements, the Group continues to adopt a disciplined and commercially driven approach in evaluating such initiatives. Sustainability considerations are integrated into how the Group plans, develops and manages its townships and assets, with a focus on balancing business growth with environmental stewardship and positive societal impact.

This includes areas such as climate resilience, urban biodiversity, energy efficiency, responsible infrastructure planning and community experience, which the Group believes will strengthen the long-term attractiveness, resilience and future-readiness of its developments. The Group also recognises that integrating sustainability considerations into development and investment decisions is important in mitigating long-term risks, preserving asset values and avoiding potential stranded assets over time.

7) Has the increase in crude oil prices impacted the sector, particularly construction-related costs? If so, what are the Company's planned mitigation measures?

Response:

The Group continues to closely monitor movements in crude oil prices and the impact on construction-related costs. The Group has observed diesel prices increasing from RM2.90 per litre pre-conflict to RM7.50 per litre (+159% as at 9 April) before moderating to RM5.00 per litre (+72% as at 15 May). This has translated to construction cost increase of 8-10% for building works and 15-20% for infrastructure works.

Notwithstanding these cost pressures, projects that have been launched are secured under fixed-sum contracts, providing cost certainty and mitigating the impact on launched project margins. To assist the Group's vendors in managing the cost impact, the Group has also adopted Variation of Price (VOP) mechanisms that enable the impact on volatile prices of selected materials to be shared with the Group, supporting the contractor ecosystem and reducing project execution risks.

Further, the Group continues to undertake value engineering, design optimisation and disciplined procurement strategies to manage inflationary pressures while preserving product quality and operational efficiency.

Overall, the Group remains focused on maintaining disciplined cost management and operational execution to mitigate external cost pressures and support sustainable long-term value creation.

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