



Property

Financial Year Ending 31 December 2020

Results Announcement for the Second Quarter Ended 30 June 2020 (2QFY2020)

27 August 2020

MEMBER OF
Dow Jones
Sustainability Indices

In Collaboration with



Now a Part of S&P Global



FTSE4Good

MSCI
ESG RATINGS

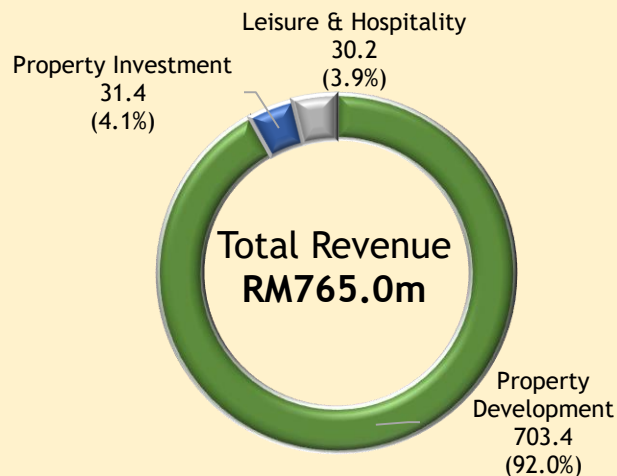


CCC	B	BB	BBB	A	AA	AAA
-----	---	----	------------	---	----	-----

Table of Content	Page
1HFY2020 Highlights	3
Financial Performance	4 - 11
Operational Performance	12 - 17
Strategy Moving Forward	18 - 22
Investment Proposition	23 - 24
Appendix	26 - 27

1HFY2020 Highlights

Segment Revenue



92.0%
of the Group revenue contributed by
the Property Development segment

LATAMI
RM67.6m

Cash
Position



RM823.2m

Gross
Gearing
Ratio



Net Gearing
Ratio

35.3%

26.8%



708 units launched, with a combined gross development value of **RM587.3m**



RM712.5m sales achieved with **754** units sold mainly from landed residential in Township Developments



Garnered an average take-up rate of **84%**



Total unbilled sales remained stable at **RM1.54b** as at 30 June 2020



Secured total bookings of **RM1.1b** as at 31 July 2020

Financial Performance for Second Quarter of FY2020 (2QFY2020) & First Half of FY2020 (1HFY2020)

2QFY2020 and 1HFY2020 Ended 30 June 2020

Results Were Adversely Impacted by the Implementation of Covid-19 Movement Control Order

	2QFY2020	2QFY2019	YoY %	1HFY2020	1HFY2019	YoY %
Revenue	288.2	865.9	(66.7)	765.0	1,441.0	(46.9)
(Loss)/Profit before Interest and Tax	(108.9)	150.6	(172.3)	(114.3)	428.6	(126.7)
(Loss)/Profit before Tax	(98.3)	179.5	(154.7)	(87.3)	480.9	(118.2)
(LATAMI)/PATAMI	(81.8)	205.3	(139.8)	(67.6)	470.3	(114.4)
Basic (Loss)/Earnings per Share (sen)	(1.2)	3.0	(139.8)	(1.0)	6.9	(114.4)

2QFY2020 vs 2QFY2019

1HFY2020 vs 1HFY2019

- Revenue declined from all three business segments due to the implementation of various phases of Movement Control Order (MCO)
 - Construction work being suspended
 - Closure of all non-essential services
- The Group registered LBIT of RM108.9m during the quarter due mainly to:
 - Write-down / write-off of completed inventories / property development expenditure totalling RM89.3m
 - Further impacted by share of JV losses of RM10.3m mainly on the Battersea project
 - Higher finance cost in 2QFY2020 as RM11.0m of borrowing cost charged to income statement rather than capitalised and released progressively to comply with accounting standard
- 2QFY2019 performance enhanced with:
 - Gains on land sales of RM147.0m
 - Gain on disposal of asset in Singapore of RM5.4m

- YTD revenue was 46.9% lower than the corresponding period in the previous year due to the COVID-19 impact
- Revenue decrease partially mitigated by land sales totalling RM118.7m (1HFY19: RM247.9m); albeit at low margin of 1.3%
- LBIT of RM114.3m due mainly to:
 - Write-down / write-off of completed inventories / property development expenditure totalling RM85.3m
 - Share of losses from joint ventures and associates of RM20.9m
 - Higher finance cost in 1HFY20 of RM16.3m as charged out directly to the income statement rather than being capitalised
- 1HFY2019 performance also enhanced with gain on disposal of asset in Singapore of RM208.8m

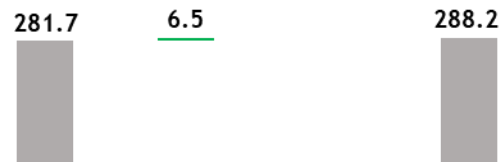
Core Results in 2QFY2020

LBIT & LATAMI Reduced Significantly at Core Level

REVENUE

2QFY2020

Core Revenue LAD Provision Gain on non-core land sale Reported Revenue



2QFY2019



(LBIT)/PBIT

2QFY2020

Core (LBIT)/PBIT Impairments / Write-downs / Write-offs LAD Provision Other losses / gains Gain on non-core land sales Reported (LBIT)/PBIT



2QFY2019



(LATAMI)/PATAMI

2QFY2020

Core (LATAMI)/PATAMI Impairments / Write-downs / Write-offs LAD Provision Other losses / gains Gain on non-core land sales NCI Effect of tax uplift Reported (LATAMI)/PATAMI



2QFY2019



2QFY2020

- RM89.3m - write down of inventories of RM33.0m, write-offs of development expenditure of RM56.3m

2QFY2019

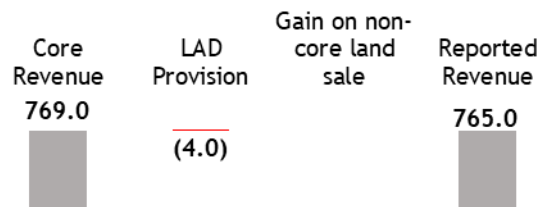
- RM81.1m - Gain on non-core land sale in Bukit Selarong

Core Results in 1HFY2020

LBIT & LATAMI Reduced Significantly at Core Level

REVENUE

1HFY2020

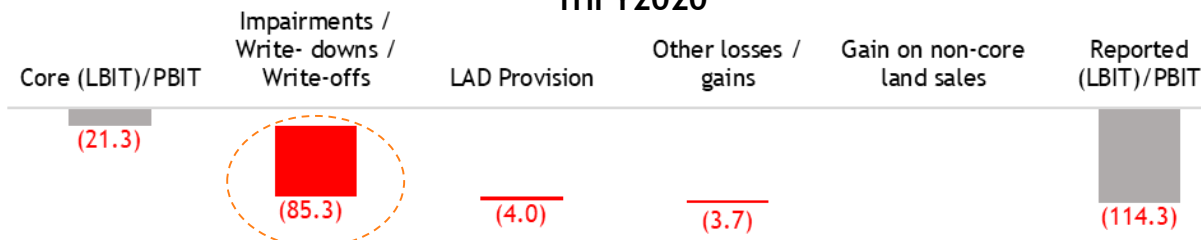


1HFY2019



(LBIT)/PBIT

1HFY2020

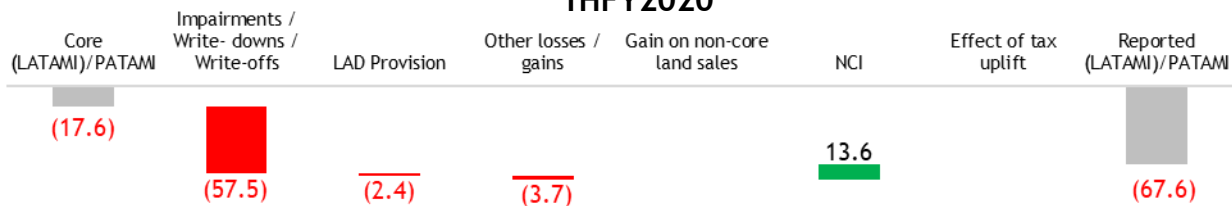


1HFY2019

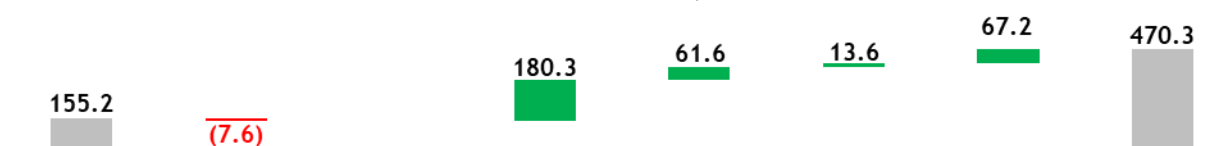


(LATAMI)/PATAMI

1HFY2020



1HFY2019



1HFY2020

- RM85.3m -
 - Write down of inventories of RM29.0m
 - Write-offs of development expenditure of RM56.3m

1HFY2019

- RM180.3m - Gain from disposal of asset in Singapore, net of provisions for outstanding obligation for property disposed in FY2017
- RM81.1m - Gain on non-core land sales in Bukit Selarong

Segmental Results Analysis for 2QFY2020

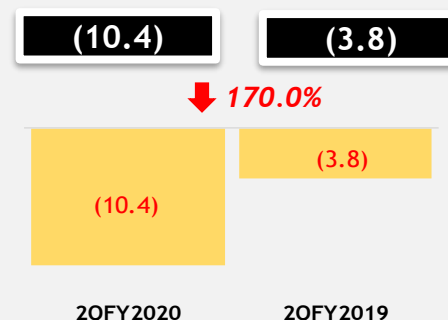
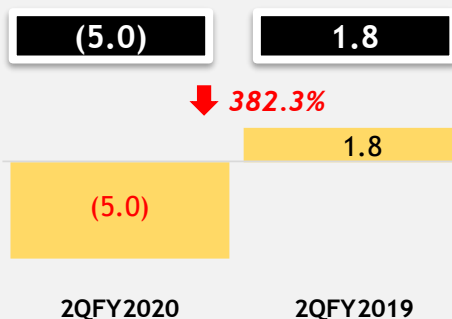
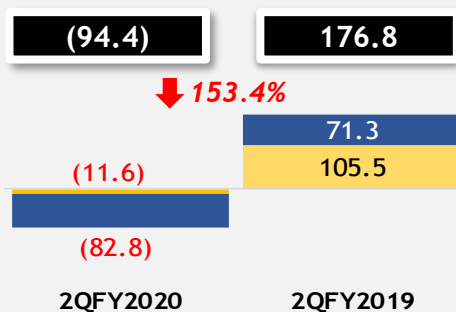
All Segments Adversely Impacted by COVID-19

In RM mil

2QFY2020 vs 2QFY2019

2QFY20: (RM109.8m)
2QFY19: RM174.8m

Core
Non-core



Property Development

- Revenue decreased to RM262.6m from RM822.9m due to construction work being suspended and lower sales during MCO
- Current quarter results impacted by:
 - Write-down / write-off of completed inventories / property development expenditure totalling RM89.3m
 - Share of losses from JV and associates of RM8.4m
- Previous year corresponding quarter result was enhanced by land sales (Revenue: RM247.9m, GP: RM147.0m)



Property Investment

- Decline in revenue due mainly to:
 - Lower occupancy rate in Oasis Square and lower car park revenue and rental rebates given during MCO
 - Reduction in the concession maintenance for services facilities and infrastructure management at the Pagoh Education Hub
- Results were further impacted by:
 - Pre-operating expenses of KL East Mall of RM6.1m (target to open on 25 November 2020)



Leisure & Hospitality

- Higher loss recorded due mainly to lower contributions from golfing revenue, events and functions during the temporary closure of business during MCO period; exacerbated by fixed business overheads

Segmental Results Analysis for 1HFY2020

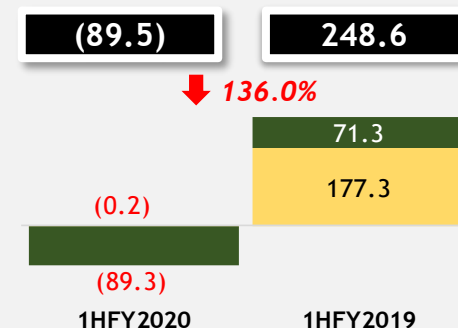
Write-off and Impairments for Projects and Launches Replanning

1HFY2020 vs 1HFY2019

1HFY20: (RM109.8m)
1HFY19: RM248.3m

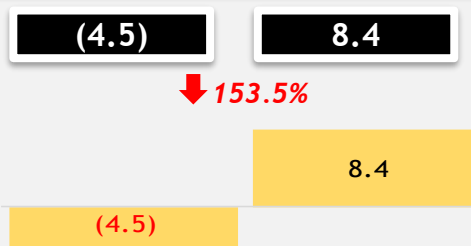
Core
Non-core

In RM mil



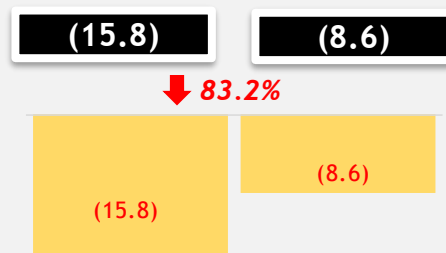
Property Development

- Revenue decreased to RM703.4m from RM1,357.7m due to construction work being suspended and lower sales during MCO
- Current quarter results impacted by:
 - Lower sales and development activities across all townships
 - Write-down / write-off of completed inventories / property development expenditure totalling RM85.3m
 - Share of losses from JV and associates of RM19.0m
- Previous year's performance was benefited from Home Ownership Campaign, completion of projects with better margin and further enhanced with gains on land sales of RM147.0m (1HFY2020: RM1.5m)



Property Investment

- Decline in revenue due mainly to:
 - Lower occupancy rate in Oasis Square and lower car park revenue and rental rebates given during MCO
 - Reduction in the concession maintenance services for services facilities and infrastructure management at the Pagoh Education Hub
- Results were further impacted by:
 - Pre-operating expenses of KL East Mall of RM8.4m (target to open on 25 November 2020)



Leisure & Hospitality

- Loss registered due mainly to lower contribution from golfing revenue, events and functions following the Covid-19 pandemic outbreak and temporary closure of businesses with the enforcement of MCO by the government; exacerbated by fixed business overheads

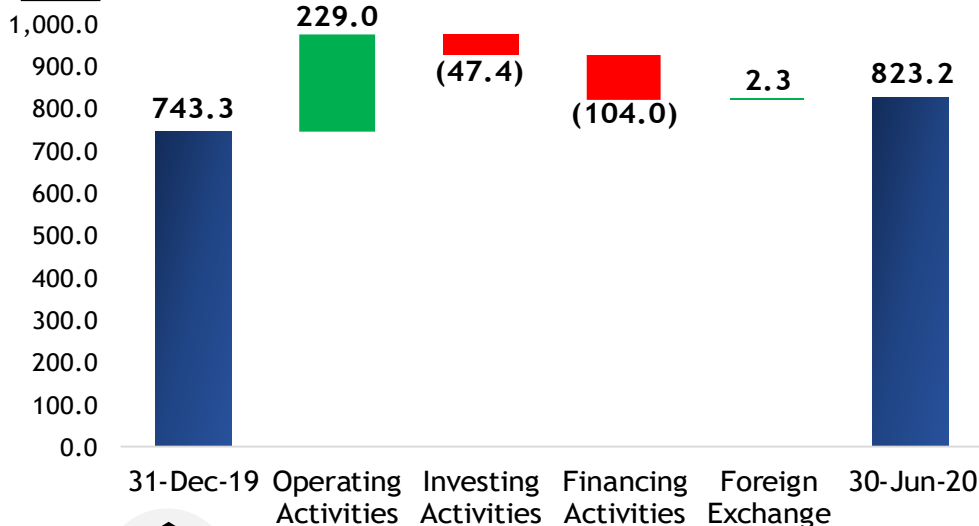
Cash and Borrowings as at 30 June 2020

Healthy Cash Balances and Moderate Gearing Level



Cash & Cash Equivalents

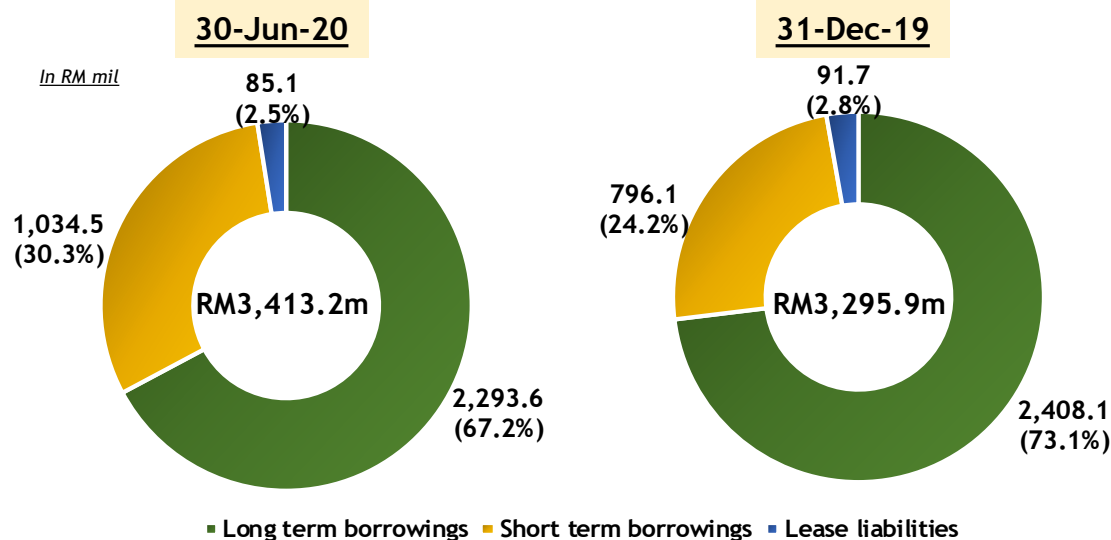
In RM mil



- Generated higher net cash inflow from operating activities of RM229.0m due mainly due to additional billings / collections received from HOVP projects
- Net cash outflow from investing activities mainly relates to equity injection to JV companies
- Net cash outflow from financing activities includes dividend payment and finance cost net off additional borrowing



Group Debt



Gross D/E Ratio

35.3%

(31 Dec 19: 33.1%)

Net D/E Ratio

26.8%

(31 Dec 19: 25.7%)

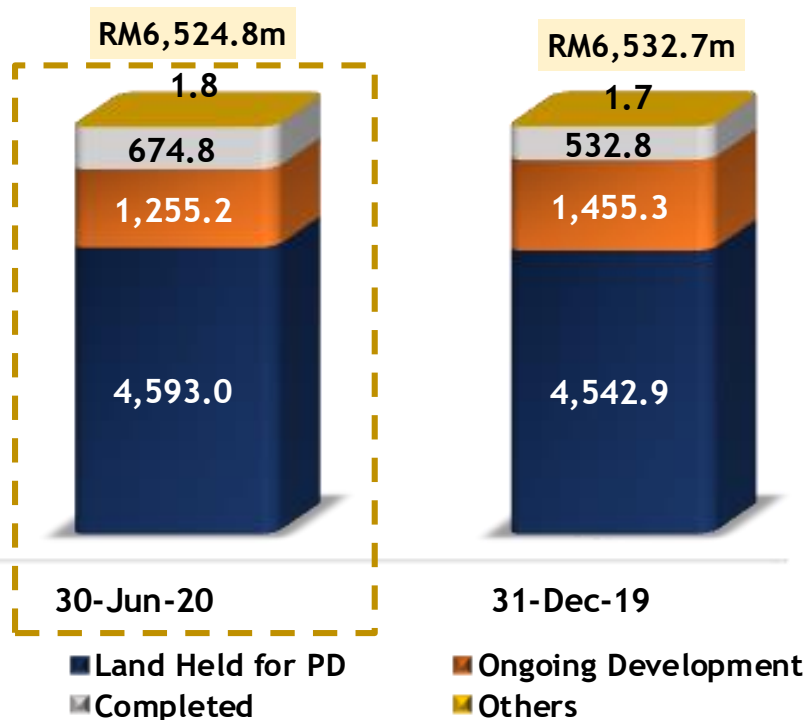
Property Development Inventories

Completed and On-going Inventories are at Manageable Levels

Total Inventories

In RM mil

▼ 0.12%

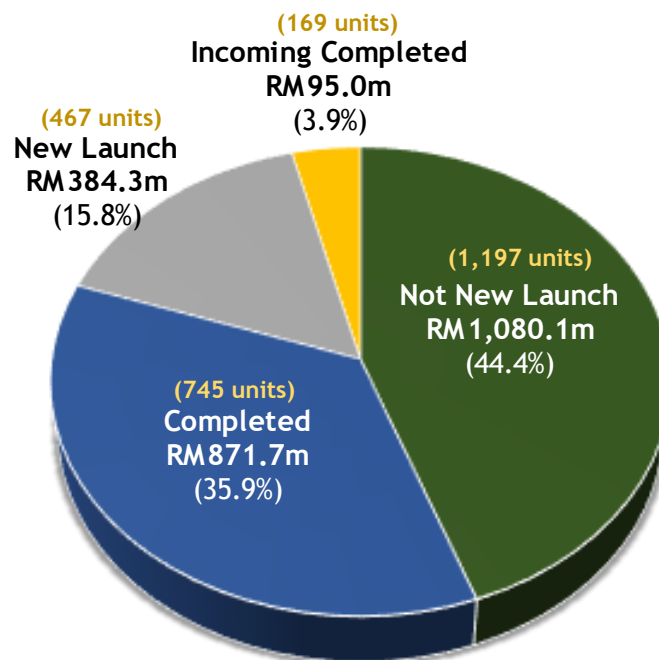


- Completed inventories increased by 26.7% due mainly to the completion of the ongoing developments in FY2020, mainly from The Ridge, KL East and industrial lots in Elmina East as well as lower sales from completed stocks

GDV of Unsold Units

GDV: RM2,431.1m

Units: 2,578



- Unsold GDV and units in completed category includes RM265.7m and 260 units reclassified from incoming completed phases due to project completion

Definitions:

- ✓ Completed - Projects completed as at 30 June 2020
- ✓ Incoming Completed - Projects to be completed in FY2020
- ✓ Not New Launch - Target completion after FY2020
- ✓ New Launch - Projects launched in FY2020

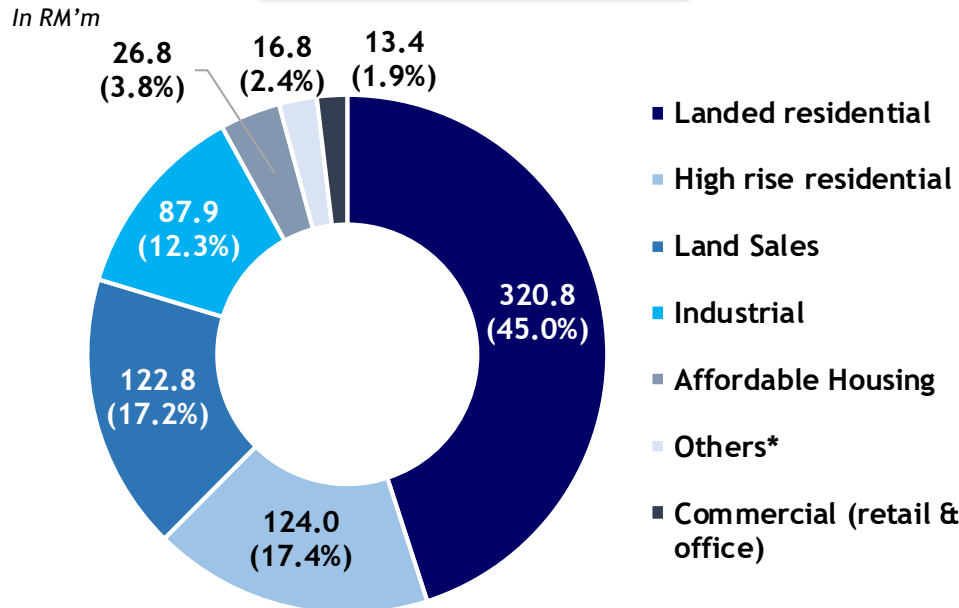
Operational Performance for 1HFY2020

Sales Achieved by Product Type and Location

Higher Landed Residential Sales Seen in the Current Period

Sales Achieved: RM712.5 million

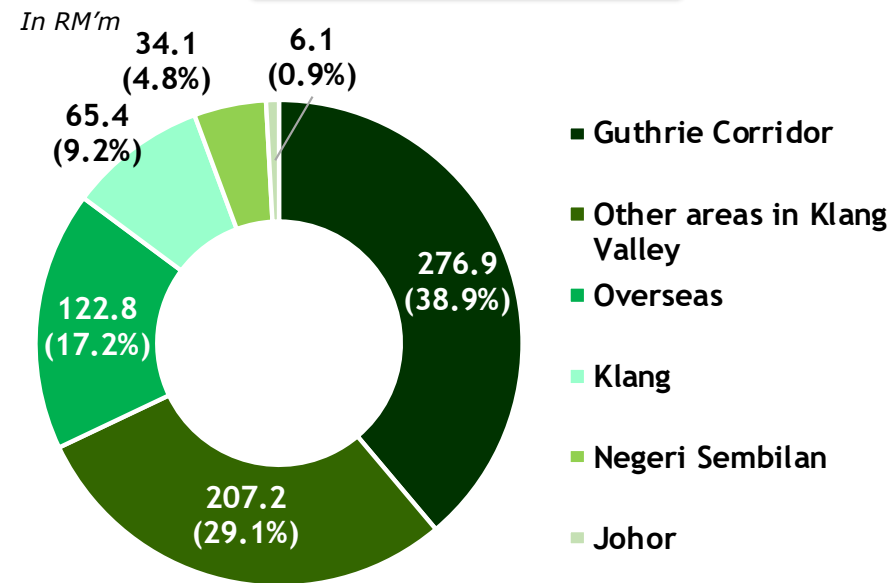
By Product Type



*Others represent SPA price variation and bungalow lots

- Half of the landed residential sales are from new launches i.e. Ilham Residences in Elmina East and Lumira 1 in Bandar Bukit Raja 2&3
- Approximately 90% of high-rise residential sales is derived from Incoming Completed & Not New Launch i.e. Cantara Residences in Ara Damansara and Aurora in SJCC

By Location



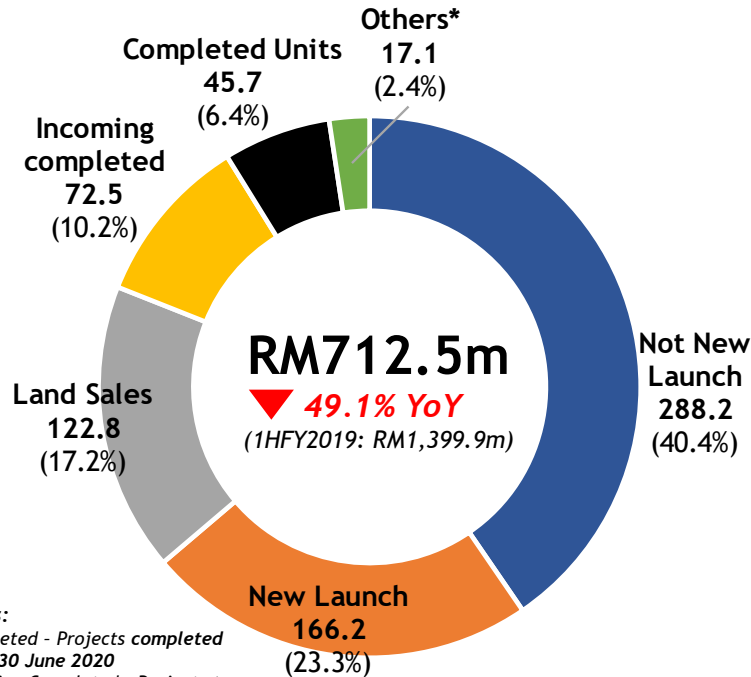
- 70.6% of sales achieved in landed residential in our flagship Township Developments along the Guthrie Corridor, mainly from Ilham Residences in Elmina East and Elmina Valley 5 in Elmina West
- 59.6% of sales achieved in other areas in Klang Valley was derived from high-rise developments, mainly Cantara Residences in Ara Damansara, Aurora in SJCC and The Alcove in Putra Heights

Sales Achieved and Units Sold

Mainly from On-going Developments and New Launched Projects

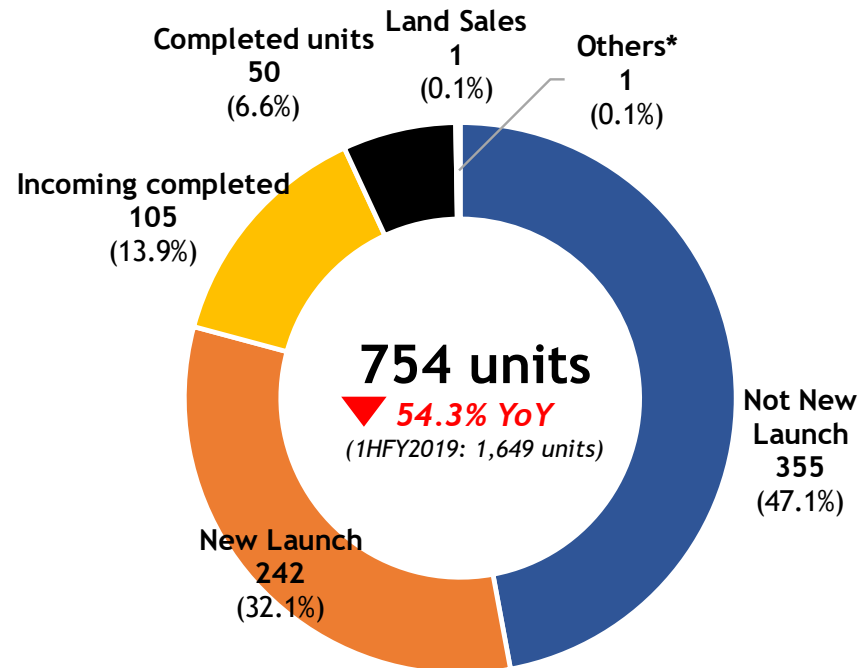
Sales Achieved

(In RM mil)



Units Sold

(In units)



*Others represent SPA price variation and carparks

Definitions:

- ✓ Completed - Projects completed as at 30 June 2020
- ✓ Incoming Completed - Projects to be completed in FY2020
- ✓ Not New Launch - Target completion after FY2020
- ✓ New Launch - Projects launched in FY2020

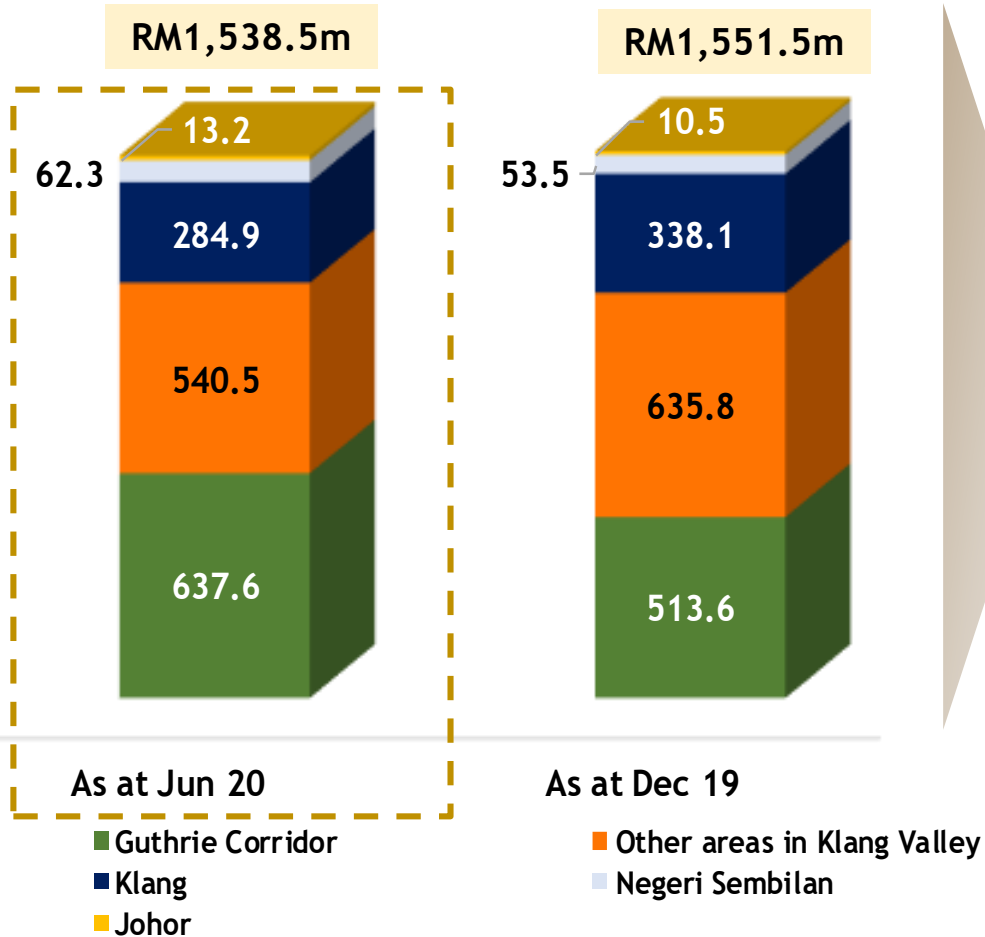
Sales achieved in the **Not New Launch** category are mainly derived from the landed residential segment in Bandar Bukit Raja (Kyra 2) and Bukit Jelutong (Lagenda Garden), followed by sales of industrial land in Kota Elmina

72.4% of units sold from **Not New Launch** were from landed residential and affordable housing

Unbilled Sales

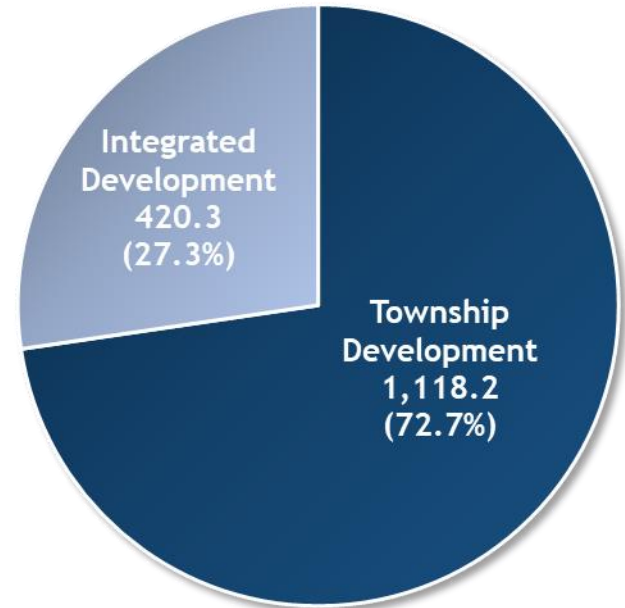
Provides Earnings Visibility for the Next 2 Years

↓ 0.8%



Breakdown by Type

RM1,538.5m

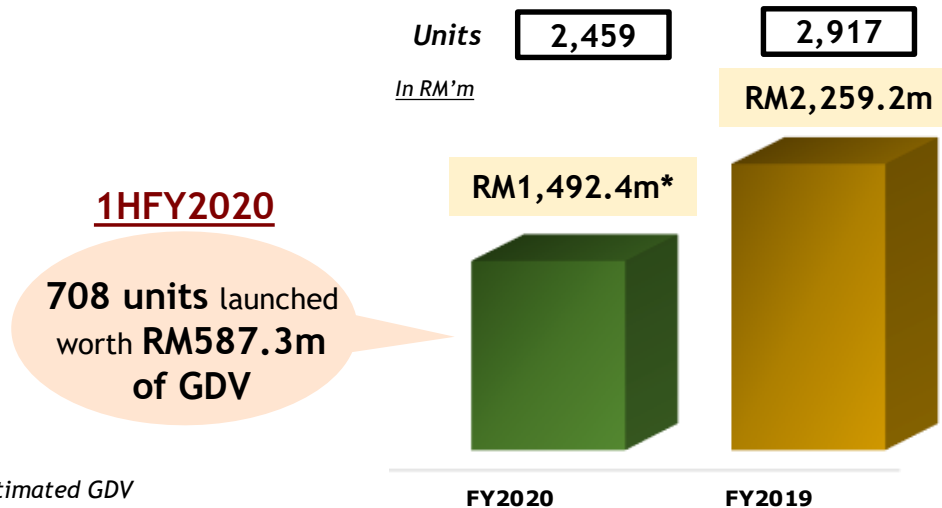


- ~90% of unbilled sales will be recognised by FY2021

Launches in 1HFY2020

Strong Take-up Rates To-date

Units & GDV of Launches in FY2019 & FY2020



Year to Date Project Launches

Elmina East (Ilham Residences) (Linked Homes)

No. of Units : 513 units
Value : RM370.6m
Launch Date : Feb 2020



85%
Take-up rate

Elmina East (Temu) (Shop/Office/Retail Space)

No. of Units : 70 units
Value : RM126.0m
Launch Date : Mar 2020



74%
Take-up rate

Bandar Bukit Raja 2 (Lumira 1) (Terrace House)

No. of Units : 125 units
Value : RM90.7m
Launch Date : May 2020



82%
Take-up rate

Preview in June & July 2020

Elmina West (Elmina Green 3A & 3B) (Linked Homes)

No. of Units : 412 units
Value : RM330.0m



79%
Bookings

Note: Take-up rate is based on the bookings + units sold as at 9 August 2020

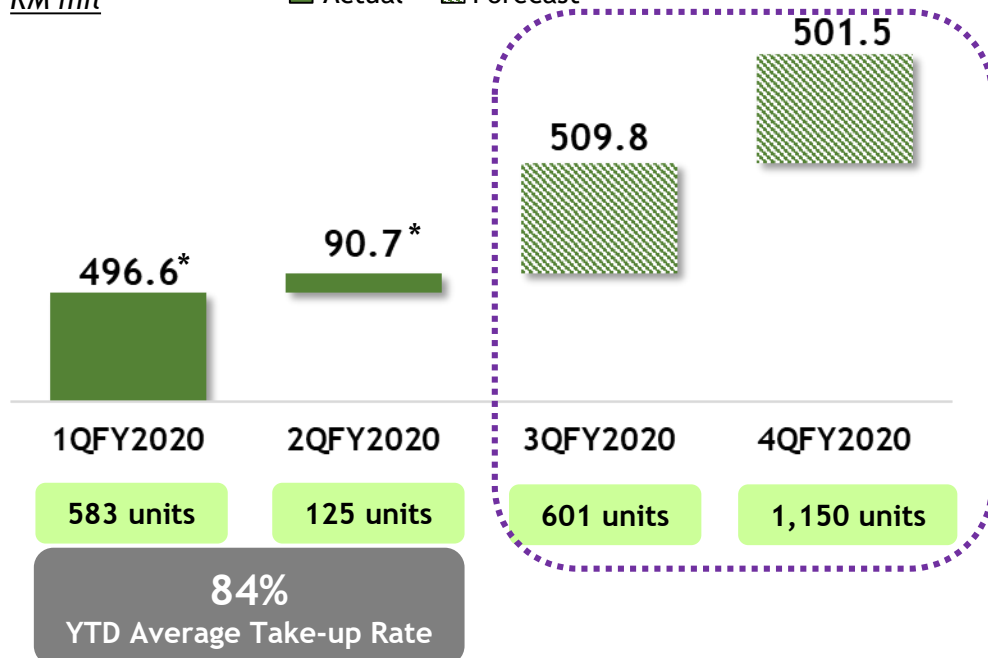
Launches for the Rest of 2020

Mainly from Landed Residential

Stream of Launches in FY2020

RM mil

■ Actual ■ Forecast



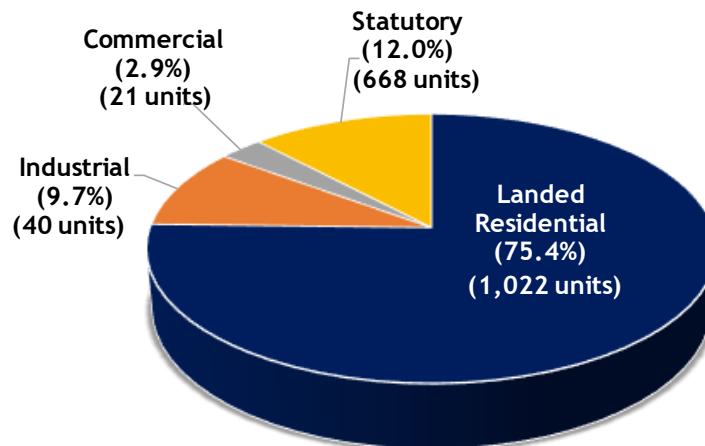
* Based on actual launched GDV

- 78.5% of GDV launched in 1HFY2020 were from landed residential which garnered 84% average take-up rate
- For the rest of FY2020, the Group will remain focused on launching landed residential products, within the right price range in our flagship Township Developments

Remaining Launches in FY2020

Units : 1,751

GDV : ~RM1.0 bil



Landed Residential

Elmina West	Preview in Jun (Elmina Green 3A & 3B)
Bandar Bukit Raja	Preview in Aug (Lumira 2) & Q4
Serenia City	Preview in Aug (Ariya) & Q4
Bandar Ainsdale	Q3
Putra Heights	Q3
Elmina East	Q4

Strategy Moving Forward

PROPERTY MARKET OVERVIEW

GOVERNMENT STIMULUS TO SPUR PROPERTY MARKET

Green shoots of recovery can be seen with the easing of the MCO, buoyed by government stimulus such as lower Overnight Policy Rate (OPR), the return of the Home Ownership Campaign, and tax incentives & rebates to encourage overall economic investment...

- 1 Bank Negara Malaysia slashed the OPR to a record low of 1.75%, with further cuts expected ahead



Economists predict further rate cut ahead

ECONOMY

Thursday, 20 Aug 2020

By GANESHWARAN KANA



PETALING JAYA: Malaysia's benchmark interest rate is currently the lowest on record, but economists think there is a fair chance that it could drop even further.

Bank Negara could be prompted to cut the overnight policy rate (OPR) due to concerns that a deep negative output gap may persist in the Malaysian economy, according to CGS-CIMB Research.

- 2 HOME OWNERSHIP CAMPAIGN (HOC) 2020 from June 2020 - May 2021 was reintroduced as part of the RM35 billion Short-Term Economic Recovery Plan (PENJANA), offering several new incentives...

RESIDENTIAL



- Stamp duty exemption
- 70% margin financing limit for 3rd residential property (RM600k & above) uplifted
- Real Property Gains Tax exemption

- 3 Implementation of Prihatin Rakyat Economic Stimulus Package (PRIHATIN) & Short-Term Economic Recovery Plan (PENJANA) to restart the country's economy...

INDUSTRIAL



- Provides a variety of tax incentives for the manufacturing sector & establishment of new businesses attracting foreign investments
- Tax rate exemptions for investment and relocation of manufacturing facilities into Malaysia
- Additional operating expenditure for MIDA to undertake marketing & promotional activities under PENJANA

RETAIL/OFFICE



- Stimulus aimed at supporting struggling/newly established small and medium size enterprises (SMEs) which, among others, includes wage subsidies, special grants, discount on foreign worker levy and tax deductions on rental reductions.
- Extension of special tax deduction on renovation & refurbishment costs of business premises
- Extension of accelerated capital allowance on eligible capital expenses

PROPERTY MARKET OVERVIEW

EXPECTATIONS OF RECOVERY IN THE PROPERTY SECTOR



The **RESIDENTIAL MARKET** is expected to see a slow uptick, supported by various government stimulus...

- During 1H 2020, active bookings were observed for rightly positioned residential products of reputable developers in the city fringe and popular/upcoming suburbs
- Shift in buyers' preference in the residential property market - subject to affordability and preference for landed properties or low-density developments with larger or more spacious layouts

Source: Malaysia Real Estate Highlights - 1H2020, Knight Frank

The Edge Markets MY

Sime Darby's Elmina Green Three Phase 1 fully sold

SHAH ALAM (July 21): Phase 1 of Elmina Green Three in Sime Darby Property Bhd's City of Elmina in Shah Alam have been fully taken up and ...
1 month ago



The Edge Markets MY

SDP's Lumira home collections in Bandar Bukit Raja 86% sold

Sime Darby Property's (SDP) Lumira home collections — Gable and Tudor, ... "Lumira will cater for the needs of first-time homebuyers, young ...
1 week ago



RETAIL SECTOR to gradually recover with further easing restrictions during current recovery phase of MCO...

- The cumulative supply of retail space in Klang Valley stood at circa 61.48 million sq. ft. as of 1H2020
- The Klang Valley retail landscape continues to face hardships largely due to the fallout of the COVID-19 outbreak. However, with further easing of restrictions during the current recovery phase of MCO, retail sales trend is anticipated to gradually improve moving forward

TheStar Subscriptions Log In

Retail sector in Q3 recovery

RETAIL
Saturday, 18 Jul 2020
By EUGENE MAHALINGAM



Recovering: The retail sector is expected to perform better in the third quarter.

THE Malaysian retail sector looks set for a much-needed recovery in the third quarter of this year, as operators adapt to the new normal of doing business amid pent-up demand created by the country's movement control order (MCO) for most of the second quarter.

Malaysian Association for Shopping and High-Rise Complex Management past president Richard Chan is optimistic that business "will be good" during the third quarter.



INDUSTRIAL SECTOR is expected to continue being a "beacon" for the local property segment ...

- Transactional activities, which were delayed during the movement control order, are expected to pick up during the second half
- Tax incentives for foreign manufacturers under the National Economic Recovery Plan would help to position the country in attracting more overseas manufacturing operations

The Edge Markets MY

Sime Darby Property Reimagines The Future Of Industrial Hubs

Sime Darby Property Berhad's upcoming Elmina Business Park in the City of Elmina is an ideal development due to its central location within ...
1 week ago



THE Malaysian Reserve

Sime Darby Property targets to double recurring income ...

The business park will be the first managed industrial park in the state, with a gross development value of RM520 million. These industrial ...
Feb 28, 2020



KEY FOCUS AREAS FOR FY2020

Short term focus for the year is to ensure continued revenue generation from Property Development

IMMEDIATE TERM: *Business Re-alignment & Focus*



1 REVENUE GENERATION

GETTING IT RIGHT (Product & Positioning)

- Launch landed products within the **right price range**, RM500-800k in our flagship Township Developments – Elmina, Bandar Bukit Raja, Serenia City

CLEAR UNSOLD INVENTORIES

- Prioritise sales of **high-rise inventories** with attractive packages
- Leverage on government stimulus and Spotlight8

INTENSIFY MARKETING EFFORTS

- Launch of **Spotlight 8 2020** from July to September 2020
- **4 New Launches** of Freehold & Landed Homes
- **Superdeals** every weekend at different townships
- Increased use of **digital channels**

CONVERSION OF BOOKINGS INTO SALES

- **RM1,118m*** worth of bookings as at 31 July 2020
- **RM494m** and **RM416m** worth of bookings in New Launches and Now New Launches respectively
- **Potential price adjustment** for key projects

* including Elmina Green 3 current bookings of RM237m

2 FINANCIAL MANAGEMENT

COST & CASHFLOW MANAGEMENT

- Optimisation of **direct & overhead costs** and **capital expenditure spend**
- Preserving **financial discipline** to maintain resiliency
- **Continued** to review and monitor the financial impact of COVID-19

KEY FOCUS AREAS BEYOND FY2020

While maintaining sight of a balanced & diversified business portfolio over the longer-term

MOVING FORWARD: Maximising Sime Darby Property's potential from FY2021 onwards

1 DIVERSIFICATION OF DEVELOPMENT INCOME STREAMS



INDUSTRIAL & LOGISTICS DEVELOPMENT as SDP's new engine of growth.

- **12.3% (RM87.9mil)** of overall sales achieved as at 30 June 2020
- **RM4.3bil in GDV of Industrial products planned for FY2020 - 2030** situated in Elmina, Serenia City, Bandar Bukit Raja, Nilai Impian and Bandar University Pagoh

KEY DEVELOPMENTS TO-DATE:

XME BUSINESS PARK, the first Managed Industrial Park in Negeri Sembilan

Strategic Joint Venture with **mitsui & co** and **mitsubishi estate**



ELMINA BUSINESS PARK, holistic central hub for logistics and production

- Industrial lots, semi-detached/detached factories, built-to-lease options & shop offices
- Stage 1 has a gross development value of **RM1.26 billion**



2 ENHANCE COMPLEMENTARY BUSINESS SEGMENTS



PROPERTY INVESTMENT as part of SDP's recurring income strategy. To-date, SDP's core investment assets consists of 5 office buildings and 2 retail malls

KL EAST MALL



KL EAST MALL

- Readiness for **successful mall opening on 25 November 2020** - SDP's first wholly-owned mall



LEISURE & HOSPITALITY as a value-adding component to SDP's developments, namely KLGCC Resort

REPOSITIONING TPCKL



- TPCKL as a **lifestyle destination beyond golfing** - family oriented recreational activities, social gatherings and corporate events



Investment Proposition

Investment Proposition

Strong Fundamentals and Track Records for Growth

1

RESILIENT FINANCIAL POSITION

Solid balance sheet as at 30 June 2020 :

- **Low net gearing:** 0.27x - one of the lowest amongst peers
- **Healthy cash position:** RM823.2m

Revenue visibility as at 30 June 2020 :

- **Unbilled sales** of RM1.54b
- **Healthy bookings** recorded at RM1.1b (as at 31 July 2020)
- **New launches in pipeline** worth RM1b GDV for the rest of 2020

2

PROMISING GROWTH POTENTIAL

Industry long-term prospects remain positive :

- Buoyed by **Government's assistive & relief measures** coupled with **low interest rate environment**
- Property remains a **long-term investment asset class**

SDP's intrinsic growth fundamentals :

- **>40 years of track record** in developing townships & communities
- **Strategic land bank** of ~20k acres along the Guthrie Corridor Expressway with options for further 20k acres (development and land sale opportunities)
- **Market leader in Corporate Sustainability**

3

STABLE SHAREHOLDERS' RETURN

Stable returns :

- **Dividend pay-out** of at least 20% of net profit
- **Historical pay-out ratios :**
 - FY2018 - 53.1%
 - FP2018 - 44.4% (excl.one off)
 - FY2019 - 34.1%
- **Dividend yield** in FY19: 4.6% (based on closing price of RM0.655 as at 24 Aug 2020)

Attractive valuation :

- **Trading at:**
 - ~58% discount to book value & GDV
 - 0.4x P/B (Peers' average: 0.3x)

THANK YOU

SIME DARBY PROPERTY INVESTOR RELATIONS

Email Address : investor.relations@simedarbyproperty.com

Telephone : +(603) 7849 5000

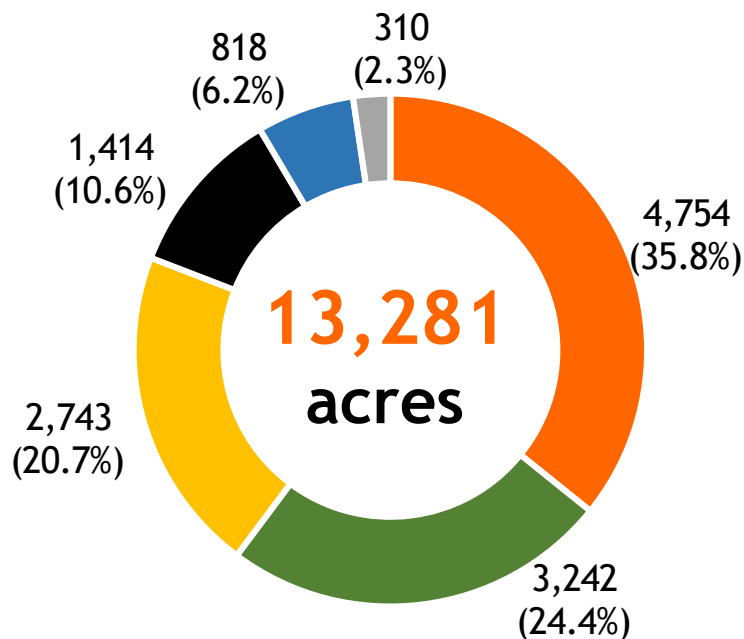
Website : <https://www.simedarbyproperty.com/investor-relations>

APPENDIX

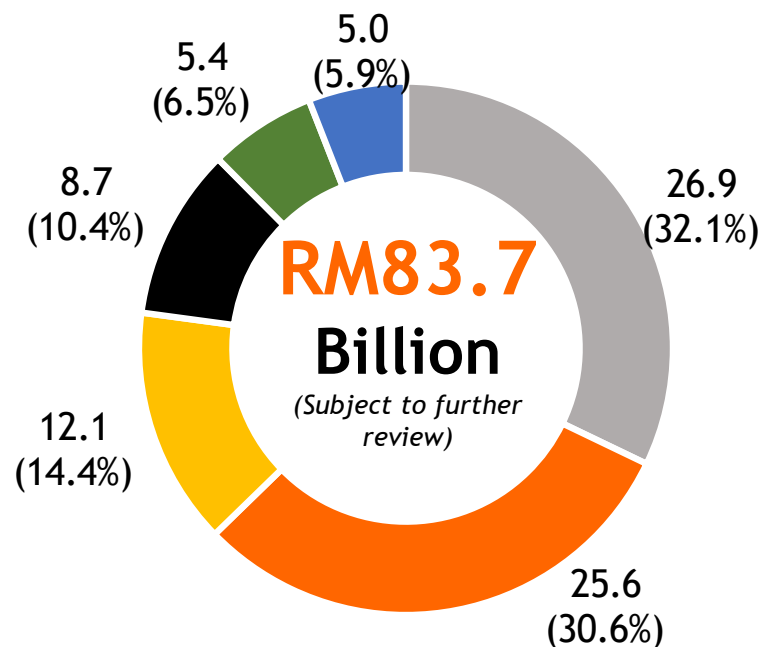
Sustainable Growth with Remaining Developable Period of 25 to 30 years

As at 30 June 2020

By Remaining Developable Land



By Remaining Gross Development Value (GDV)



■ Guthrie Corridor ■ Johor ■ Klang ■ Serenia City ■ Negeri Sembilan ■ Other areas in Klang Valley

❖ Remaining developable area for future developments i.e MVV, Planters' Haven West, Lagong and others amount to **6,584 acres**

Notes:

Township categorisation:

- Guthrie Corridor: Elmina West, Elmina East, Denai Alam & Bukit Subang, Bukit Jelutong and Kota Elmina
- Negeri Sembilan: Nilai, Bandar Ainsdale, Planters' Haven & Chemara
- Johor: Bandar Universiti Pagoh and Taman Pasir Putih
- Other Areas in Klang Valley: Ara Damansara, KLGCC Resort, Putra Heights, KL East, USJ Heights, Taman Melawati, Saujana Impian, SJCC and SJ7