

QUARTERLY REPORT

On the consolidated results for the second quarter ended 30 June 2023

The Directors hereby announce the following:

Unaudited Condensed Consolidated Statement of Profit or Loss Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 30 June		% +/(-)	Six (6) months ended 30 June		% +/(-)
		2023	2022 Restated		2023	2022 Restated	
Revenue	A8	688,918	615,612	11.9	1,374,250	1,095,939	25.4
Cost of sales		(502,233)	(424,358)		(984,569)	(771,441)	
Gross profit		186,685	191,254	(2.4)	389,681	324,498	20.1
Marketing and selling expenses		(37,825)	(27,230)		(67,153)	(39,153)	
Administrative expenses		(46,965)	(62,855)		(107,043)	(113,669)	
Other income		14,396	7,809		14,351	9,394	
Operating profit		116,291	108,978		229,836	181,070	
Share of results of joint ventures		(21,882)	(8,525)		(49,501)	(7,989)	
Share of results of associates		2,579	(39)		2,807	843	
Other gains		3,988	46,372		9,132	56,564	
Profit before interest and tax	A7	100,976	146,786	(31.2)	192,274	230,488	(16.6)
Finance income		29,789	24,230		57,852	48,396	
Finance costs		(16,478)	(25,146)		(37,903)	(49,843)	
Profit before tax		114,287	145,870	(21.7)	212,223	229,041	(7.3)
Tax expense	B6	(35,448)	(40,319)		(72,189)	(67,773)	
Profit for the period		78,839	105,551	(25.3)	140,034	161,268	(13.2)
Attributable to:							
- owners of the Company		71,068	104,998	(32.3)	131,740	156,557	(15.9)
- non-controlling interests		7,771	553		8,294	4,711	
Profit for the period		78,839	105,551	(25.3)	140,034	161,268	(13.2)
Basic and diluted earnings per share attributable to owners of the Company (sen)	B11	1.0	1.5	(32.3)	1.9	2.3	(15.9)

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 2022.

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		%	Six (6) months ended		%
	30 June			30 June		
	2023	2022	+ / (-)	2023	2022	+ / (-)
Profit for the period	78,839	105,551	(25.3)	140,034	161,268	(13.2)
Other comprehensive income/(loss):						
Items which will subsequently be reclassified to profit or loss (net of tax):						
Currency translation differences	203,854	(82,083)		260,061	(129,264)	
Reclassified to profit or loss:						
Currency translation differences on repayment of net investment	-	(2,784)		(839)	(2,784)	
Currency translation differences on disposal of a subsidiary	-	-		-	(1,654)	
Items which will not subsequently be reclassified to profit or loss (net of tax):						
Share of other comprehensive loss of an associate	(1,034)	(2,104)		(2,366)	(276)	
Net changes in fair value of investment at fair value through other comprehensive income ("FVOCI")	542	-		1,851	-	
Other comprehensive income/(loss) for the period	203,362	(86,971)	333.8	258,707	(133,978)	293.1
Total comprehensive income for the period	282,201	18,580	1,418.8	398,741	27,290	1,361.1
Attributable to:						
- owners of the Company	274,532	17,710	1,450.2	390,579	22,268	1,654.0
- non-controlling interests	7,669	870		8,162	5,022	
Total comprehensive income for the period	282,201	18,580	1,418.8	398,741	27,290	1,361.1

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 2022.

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 30 June 2023	Audited As at 31 December 2022
<u>Non-current assets</u>			
Property, plant and equipment		582,621	586,343
Investment properties		1,125,667	1,085,200
Inventories (Note 1)		4,050,656	4,016,559
Joint ventures		3,108,541	2,885,238
Associates		152,372	148,557
Investments		49,175	48,633
Intangible assets		4,858	6,577
Deferred tax assets		571,212	601,790
Receivables		193,624	102,718
Contract assets		1,140,572	1,199,242
		<u>10,979,298</u>	<u>10,680,857</u>
<u>Current assets</u>			
Inventories (Note 1)		1,548,157	1,527,278
Receivables		666,790	862,615
Contract assets		1,230,365	1,154,273
Prepayment		16,254	12,002
Tax recoverable		78,097	40,367
Cash held under Housing Development Accounts		353,840	386,092
Bank balances, deposits and cash		441,518	599,225
		<u>4,335,021</u>	<u>4,581,852</u>
Total assets	A7	<u>15,314,319</u>	<u>15,262,709</u>
<u>Equity</u>			
Share capital		6,800,839	6,800,839
Fair value reserve		33,461	33,976
Exchange reserve		221,636	(37,718)
Retained profits		2,786,353	2,722,621
Attributable to owners of the Company		<u>9,842,289</u>	<u>9,519,718</u>
Non-controlling interests		130,776	125,078
Total equity		<u>9,973,065</u>	<u>9,644,796</u>
<u>Non-current liabilities</u>			
Payables		70,084	72,134
Borrowings	B8	2,062,085	2,283,984
Lease liabilities		24,879	24,149
Provisions		167,484	152,565
Contract liabilities		262,365	253,164
Deferred tax liabilities		311,670	316,650
		<u>2,898,567</u>	<u>3,102,646</u>
<u>Current liabilities</u>			
Payables		1,188,367	1,296,619
Borrowings	B8	751,120	753,861
Lease liabilities		21,327	21,447
Provisions		73,399	82,530
Contract liabilities		371,452	332,895
Tax provision		37,022	27,915
		<u>2,442,687</u>	<u>2,515,267</u>
Total liabilities		<u>5,341,254</u>	<u>5,617,913</u>
Total equity and liabilities		<u>15,314,319</u>	<u>15,262,709</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.45</u>	<u>1.40</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 30 June 2023	Audited As at 31 December 2022
Note:		
1. Inventories		
Ongoing development	1,309,751	1,249,389
Completed development units	237,697	277,249
Others	709	640
	1,548,157	1,527,278
Not within normal operating cycle	4,050,656	4,016,559
	5,598,813	5,543,837

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 2022.

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

Unaudited Condensed Consolidated Statement of Changes in Equity
Amounts in RM thousand unless otherwise stated

	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
Period ended 30 June 2023							
At 1 January 2023	6,800,839	33,976	(37,718)	2,722,621	9,519,718	125,078	9,644,796
Profit for the period	–	–	–	131,740	131,740	8,294	140,034
Other comprehensive (loss)/income	–	(515)	259,354	–	258,839	(132)	258,707
Total other comprehensive (loss)/income for the period	–	(515)	259,354	131,740	390,579	8,162	398,741
Transaction with owners:							
- dividends paid	–	–	–	(68,008)	(68,008)	(2,464)	(70,472)
At 30 June 2023	6,800,839	33,461	221,636	2,786,353	9,842,289	130,776	9,973,065
Period ended 30 June 2022							
At 1 January 2022	6,800,839	31,718	105,045	2,426,851	9,364,453	141,576	9,506,029
Profit for the period	–	–	–	156,557	156,557	4,711	161,268
Other comprehensive (loss)/income	–	(276)	(134,013)	–	(134,289)	311	(133,978)
Total other comprehensive (loss)/income for the period	–	(276)	(134,013)	156,557	22,268	5,022	27,290
Transaction with owners:							
- disposal of a subsidiary	–	–	–	–	–	(1,904)	(1,904)
- dividends paid	–	–	–	–	–	(8,572)	(8,572)
At 30 June 2022	6,800,839	31,442	(28,968)	2,583,408	9,386,721	136,122	9,522,843

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 2022.

SIME DARBY PROPERTY BERHAD
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Unaudited Condensed Consolidated Statement of Cash Flows
Amounts in RM thousand unless otherwise stated

	Six (6) months ended 30 June	
	2023	2022
Cash flow from operating activities		
Profit for the period	140,034	161,268
Adjustments for:		
Share of results of joint ventures and associates	46,694	7,146
Depreciation and amortisation	15,785	16,966
Net changes in fair value on investment properties	949	4,614
Net impairment losses	149	866
Gain on disposal of a subsidiary	-	(53,020)
Provisions	3,731	(1,271)
Finance income	(57,852)	(48,396)
Finance costs	37,903	49,843
Tax expense	72,189	67,773
Others	(6,844)	(4,044)
	<u>252,738</u>	<u>201,745</u>
Changes in working capital:		
- inventories, receivables and other assets	(33,559)	241,666
- payables, provisions and other liabilities	(75,790)	(33,716)
Cash from operations	<u>143,389</u>	<u>409,695</u>
Tax paid	(75,217)	(51,879)
Net cash from operating activities	<u>68,172</u>	<u>357,816</u>
Cash flow from investing activities		
Finance income received	12,275	4,506
Net cash inflow from disposal of subsidiaries	-	8,451
Proceeds from sale of property, plant and equipment	7	3
Proceeds from sale of investment properties	2,888	-
Additions of:		
- property, plant and equipment	(10,886)	(4,244)
- investment properties	(17,652)	(3,954)
- intangible assets	(188)	(1,454)
Subscription of additional interests in joint ventures	(29,022)	(220,686)
Capital repayment from a joint venture	163,986	-
Capital repayment from an investment	1,309	-
Advances to an associate	-	(5,856)
Dividends received from a joint venture and an investment	1,000	153
Net cash from/(used in) investing activities	<u>123,717</u>	<u>(223,081)</u>
Cash flow from financing activities		
Finance costs paid	(62,806)	(61,926)
Net repayments of borrowings	(258,882)	(142,385)
Repayments of lease liabilities	(2,492)	(11,040)
Dividend paid on ordinary shares	(68,008)	-
Dividends paid to non-controlling interests	(2,464)	(8,572)
Net cash used in financing activities	<u>(394,652)</u>	<u>(223,923)</u>
Net changes in cash and cash equivalents	<u>(202,763)</u>	<u>(89,188)</u>
Foreign exchange differences	12,804	(297)
Cash and cash equivalents at beginning of the year	<u>985,317</u>	<u>909,664</u>
Cash and cash equivalents at end of the period	<u>795,358</u>	<u>820,179</u>

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

Six (6) months ended
30 June
2023 **2022**

For the purpose of the Condensed Consolidated Statement of Cash Flows,
cash and cash equivalents comprised the following:

Cash held under Housing Development Accounts	353,840	318,431
Bank balances, deposits and cash	441,518	501,748
	<u>795,358</u>	<u>820,179</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 2022.

SIME DARBY PROPERTY BERHAD
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Explanatory Notes on the Quarterly Report – 30 June 2023
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 2022.

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 2022 except as described below.

- a. Accounting pronouncements that have been newly adopted for this interim financial period:

MFRS 17 and related amendments	Insurance Contracts
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
	International Tax Reform - Pillar Two Model Rules

The adoption of the above did not result in any significant changes to the Group’s results and financial position for this interim financial period.

- b. Accounting pronouncements that are not yet effective are set out below:

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

- 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. Reclassification of comparative financial results

The Group had effected a reclassification of net changes in fair value on investment properties from “other gains/(losses)” to “other income/(expenses)”. The net changes in fair value is now included as part of segment results. The reclassification allows for a comprehensive reflection of the segments’ performances. The reclassification had no effect on (1) the profit for the current and previous financial period; (2) retained earnings; (3) statement of financial position; and (4) statement of cash flows.

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Explanatory Notes on the Quarterly Report – 30 June 2023
Amounts in RM thousand unless otherwise stated

A1. Basis of Preparation (continued)

d. Reclassification of comparative financial results (continued)

The effect of the reclassification of net changes in fair value on investment properties are as follows:

(i) Reconciliation of statement of profit or loss for the quarter ended and for the six (6) months ended 30 June 2022

	Quarter ended 30 June 2022			Six (6) months ended 30 June 2022		
	As previously stated	Reclassification	As restated	As previously stated	Reclassification	As restated
Revenue	615,612	–	615,612	1,095,939	–	1,095,939
Cost of sales	(424,358)	–	(424,358)	(771,441)	–	(771,441)
Gross profit	191,254	–	191,254	324,498	–	324,498
Marketing and selling expenses	(27,230)	–	(27,230)	(39,153)	–	(39,153)
Administrative expenses	(62,855)	–	(62,855)	(113,669)	–	(113,669)
Other income	9,250	(1,441)	7,809	14,008	(4,614)	9,394
Operating profit	110,419	(1,441)	108,978	185,684	(4,614)	181,070
Share of results of joint ventures	(8,525)	–	(8,525)	(7,989)	–	(7,989)
Share of results of associates	(39)	–	(39)	843	–	843
Other gains	44,931	1,441	46,372	51,950	4,614	56,564
Profit before interest and tax	146,786	–	146,786	230,488	–	230,488
Finance income	24,230	–	24,230	48,396	–	48,396
Finance costs	(25,146)	–	(25,146)	(49,843)	–	(49,843)
Profit before tax	145,870	–	145,870	229,041	–	229,041
Tax expense	(40,319)	–	(40,319)	(67,773)	–	(67,773)
Profit for the period	105,551	–	105,551	161,268	–	161,268

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Explanatory Notes on the Quarterly Report – 30 June 2023
Amounts in RM thousand unless otherwise stated

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

There were no material unusual items affecting the Group's assets, liabilities, equity, net income, or cash flows during the financial period under review.

A4. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in prior financial years 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 period under review.

The Company has 6,800,839,377 ordinary shares in issue as at 30 June 2023.

A6. Dividend Paid

No dividend was paid during the second quarter ended 30 June 2023.

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Explanatory Notes on the Quarterly Report – 30 June 2023
Amounts in RM thousand unless otherwise stated

A7. Segment Information

The Group has three 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
Six (6) months ended 30 June 2023					
Revenue:					
External	1,276,504	52,496	45,250	–	1,374,250
Inter-segment	17,690	3,997	1,395	(23,082)	–
	1,294,194	56,493	46,645	(23,082)	1,374,250
Cost of sales	(943,393)	(32,278)	(25,787)	16,889	(984,569)
Gross profit	350,801	24,215	20,858	(6,193)	389,681
Marketing and selling expenses	(66,334)	(572)	(247)	–	(67,153)
Administrative expenses	(78,546)	(13,159)	(20,774)	5,436	(107,043)
Other income/(expenses)	14,351	(1,097)	46	1,051	14,351
Operating profit/(loss)	220,272	9,387	(117)	294	229,836
Share of results of joint ventures and associates	(26,165)	(15,376)	–	(5,153)	(46,694)
Segment results	194,107	(5,989)	(117)	(4,859)	183,142
Other gains/(losses)	9,242	(110)	–	–	9,132
Profit/(Loss) before interest and tax	203,349	(6,099)	(117)	(4,859)	192,274
Finance income	17,692	43,248	1,222	(4,310)	57,852
Finance costs	(12,021)	(29,661)	(531)	4,310	(37,903)
Profit before tax	209,020	7,488	574	(4,859)	212,223
Tax expense	(66,273)	(6,645)	758	(29)	(72,189)
Profit for the period	142,747	843	1,332	(4,888)	140,034

Included in other income/(expenses) are:

Net changes in fair value on investment properties	(743)	(1,304)	–	1,098	(949)
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Included in other gains/(losses) are:

Net foreign exchange gain/(loss)	7,501	(110)	–	–	7,391
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Explanatory Notes on the Quarterly Report – 30 June 2023
Amounts in RM thousand unless otherwise stated

A7. Segment Information (continued)

a. Segment results (continued)

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Six (6) months ended 30 June 2022 Restated					
Revenue:					
External	1,002,479	52,302	41,158	–	1,095,939
Inter-segment	134,462	3,997	2,783	(141,242)	–
	<u>1,136,941</u>	<u>56,299</u>	<u>43,941</u>	<u>(141,242)</u>	<u>1,095,939</u>
Cost of sales	(788,927)	(27,429)	(22,129)	67,044	(771,441)
Gross profit	348,014	28,870	21,812	(74,198)	324,498
Marketing and selling expenses	(38,390)	(562)	(201)	–	(39,153)
Administrative expenses	(87,344)	(10,237)	(21,492)	5,404	(113,669)
Other income/(expenses)	13,550	(4,157)	95	(94)	9,394
Operating profit	235,830	13,914	214	(68,888)	181,070
Share of results of joint ventures and associates*	(9,999)	2,853	–	–	(7,146)
Segment results	225,831	16,767	214	(68,888)	173,924
Other gains	2,495	935	9,062	44,072	56,564
Profit before interest and tax	228,326	17,702	9,276	(24,816)	230,488
Finance income	10,010	45,354	352	(7,320)	48,396
Finance costs	(20,752)	(35,846)	(565)	7,320	(49,843)
Profit before tax	217,584	27,210	9,063	(24,816)	229,041
Tax expense	(64,818)	(8,709)	(1,135)	6,889	(67,773)
Profit for the period	<u>152,766</u>	<u>18,501</u>	<u>7,928</u>	<u>(17,927)</u>	<u>161,268</u>

Included in other income/(expenses) are:

Net changes in fair value on investment properties	–	(4,614)	–	–	(4,614)
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Included in other gains are:

Gain on disposal of a subsidiary	–	–	8,948	44,072	53,020
Net foreign exchange gain	2,492	–	114	–	2,606

* The share of results of joint ventures and associates was re-presented to segregate the share of results into Property Development and Investment and Asset Management segment respectively to reflect how the senior management of the Group reviews the operations and performance on a regular basis.

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Amounts in RM thousand unless otherwise stated

A7. Segment Information (continued)

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 30 June 2023					
Operating assets	9,127,956	2,568,660	550,680	(843,199)	11,404,097
Joint ventures and associates	2,894,172	445,029	–	(78,288)	3,260,913
	<u>12,022,128</u>	<u>3,013,689</u>	<u>550,680</u>	<u>(921,487)</u>	<u>14,665,010</u>
Tax assets					649,309
Total assets					<u><u>15,314,319</u></u>
As at 31 December 2022					
Restated					
Operating assets	9,295,326	2,535,848	539,439	(783,856)	11,586,757
Joint ventures and associates*	2,660,592	444,304	–	(71,101)	3,033,795
	<u>11,955,918</u>	<u>2,980,152</u>	<u>539,439</u>	<u>(854,957)</u>	<u>14,620,552</u>
Tax assets					642,157
Total assets					<u><u>15,262,709</u></u>

* The segment assets of joint ventures and associates was re-presented to segregate the assets into Property Development and Investment and Asset Management segment respectively to reflect how the senior management of the Group reviews the operations and performance on a regular basis.

A8. Revenue

	Six (6) months ended 30 June	
	2023	2022
Revenue comprise the following:		
Revenue from contracts with customers	1,340,699	1,056,078
Revenue from rental income	33,551	39,861
	<u>1,374,250</u>	<u>1,095,939</u>
Disaggregation of the Group's revenue from contracts with customers:		
Geographical market		
- Malaysia	<u>1,340,699</u>	<u>1,056,078</u>
Timing of revenue recognition		
- over time	1,247,128	992,959
- at point in time	93,571	63,119
	<u>1,340,699</u>	<u>1,056,078</u>

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A9. Capital Commitments

	As at 30 June 2023	As at 31 December 2022
Contracted capital commitments:		
- investment properties	61,016	79,618
- property, plant and equipment	25,844	28,731
- intangible assets	1,144	462
	<u>88,004</u>	<u>108,811</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 30 June 2023	As at 31 December 2022
Joint ventures:		
- Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP	153,972	168,568
- Sime Darby Property MIT Development Sdn Bhd	31,375	45,800
	<u>185,347</u>	<u>214,368</u>

A10. Significant Related Party Transactions

Significant related party transactions during the financial period ended 30 June 2023 are as follows:

	Six (6) months ended 30 June	
	2023	2022
a. Transactions between subsidiaries and their non-controlling interests ("NCI") or related parties of the NCI		
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	(5,102)	(20,359)
Interest charged to Sime Darby Brunfield Holding Sdn Bhd ("SDBH") by Brunfield Metropolitan Sdn Bhd, 40% shareholder of SDBH.	(3,203)	(2,875)
Maintenance of district cooling system and supply of cooling energy to Sime Darby Property Selatan Satu Sdn Bhd ("SDPS1") by Tunas Cool Energy Sdn Bhd ("TCE"), a company in which Sin Heng Chan (Malaya) Berhad is the ultimate holding company of TCE and an indirect shareholder of SDPS1	<u>(7,512)</u>	<u>(7,512)</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the financial period ended 30 June 2023 are as follows:
(continued)

	Six (6) months ended 30 June	
	2023	2022
b. Transactions with joint ventures and associates		
<u>Yayasan Sime Darby</u>		
Contribution to Yayasan Sime Darby	<u>(4,738)</u>	<u>(10,000)</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 58.0% as at 30 June 2023 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.

All the transactions entered by the Group with shareholders and 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 period include:

	Six (6) months ended 30 June	
	2023	2022
(i) <u>Sime Darby Plantation Berhad group</u>		
Rental income	<u>4,695</u>	<u>7,705</u>
(ii) Sime Darby Property (Bukit Tunku) Sdn Bhd (“SDPBT”), a wholly-owned subsidiary of the Group had on 1 December 2022 entered into a conditional Sale and Purchase Agreement (“SPA”) with Sime Darby Plantation Berhad (“SD Plantation”) to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.826 acres located in Mukim Kapar, District of Klang, Selangor (“Kapar Land”) for a total cash consideration of RM618.0 million.		

The proposed Kapar Land acquisition was approved by the shareholders of the Company at an Extraordinary General Meeting (“EGM”) held on 24 May 2023.

The completion of the proposed Kapar Land acquisition took place on 23 August 2023 upon the settlement of the balance purchase price and delivery of vacant possession.

d. Transactions with a Director, key management personnel and their close family members:

	Six (6) months ended 30 June	
	2023	2022
Sale of property to a Director and close family member	–	1,921
Sale of properties to key management personnel and their close family members	<u>2,328</u>	<u>3,004</u>

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

Other than as disclosed in Note A10(c)(ii), the following events took place subsequent to the end of the current financial period:

- i. On 27 October 2021, Sime Darby Property (MVV Central) Sdn Bhd had 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.

10% of the purchase price was paid upon signing of SPA. The acquisition has been completed following the payment of the balance 90% of the purchase price on 7 August 2023.

- ii. On 21 August 2023, the Group issued RM600.0 million in nominal value Islamic Medium Term Notes (“IMTN”) under its existing RM4,500 million IMTN (Sukuk Musharakah) Programme.

The Sukuk Issuance is the second issuance under the Group’s Sukuk Musharakah Programme. The proceeds from issuance of the Sukuk Musharakah shall be utilised to finance the Group’s future investments and/or capital expenditure and/or the Group’s working capital requirement and general corporate purpose and/or if required, to refinance debt obligations of the Group.

- iii. On 22 August 2023, Vibernum Limited (“Vibernum”), an indirect wholly-owned subsidiary of the Group, held its Final Meeting subsequent to being placed under Members’ Voluntary Liquidation on 9 March 2022. The voluntary liquidation of Vibernum will not have a material effect on the earnings or net assets of the Group.

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 period ended 30 June 2023.

A13. Contingent Liabilities - unsecured

	As at 30 June 2023	As at 31 December 2022
Claims pending against the Group	<u>82,009</u>	<u>82,009</u>

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”) are as follows:

	As at 30 June 2023	As at 31 December 2022
Investments - unquoted shares	<u>49,175</u>	<u>48,633</u>

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

	Six (6) months ended 30 June		%
	2023	2022 Restated	
Segment revenue:			
Property development	1,276,504	1,002,479	27.3
Investment and asset management	52,496	52,302	0.4
Leisure	<u>45,250</u>	<u>41,158</u>	9.9
Revenue	<u>1,374,250</u>	<u>1,095,939</u>	25.4
Segment results:			
Property development	189,248	156,943	20.6
Investment and asset management	(5,989)	16,767	(135.7)
Leisure	<u>(117)</u>	<u>214</u>	(154.7)
	<u>183,142</u>	<u>173,924</u>	5.3
Other gains	<u>9,132</u>	<u>56,564</u>	
Profit before interest and tax	<u>192,274</u>	<u>230,488</u>	(16.6)
Finance income	<u>57,852</u>	<u>48,396</u>	
Finance costs	<u>(37,903)</u>	<u>(49,843)</u>	
Profit before tax (“PBT”)	<u>212,223</u>	<u>229,041</u>	(7.3)
Tax expense	<u>(72,189)</u>	<u>(67,773)</u>	
Profit for the period	<u>140,034</u>	<u>161,268</u>	(13.2)
Attributable to:			
- owners of the Company	<u>131,740</u>	<u>156,557</u>	(15.9)
- non-controlling interests	<u>8,294</u>	<u>4,711</u>	
Profit for the period	<u>140,034</u>	<u>161,268</u>	(13.2)

The Group’s revenue grew by 25.4% to RM1,374.3 million as compared to corresponding period in the previous year (“H1FY22”), mainly driven by the property development segment. Despite the increase in revenue, the Group’s total segment results increased to a lesser extent by 5.3% due to higher share of losses from joint ventures.

PBT in H1FY22 included “Other gains” arising from the dilution of interest in the Industrial Development Fund amounting to RM44.1 million. In the absence of the gain from dilution, PBT declined by 7.3% to RM212.2 million in the current financial period.

The results of each business segment are analysed below:

a) Property development

The property development segment continued to be the major contributor to the Group’s revenue, accounting for 92.9% of the Group’s total. Revenue stood at RM1,276.5 million with a year-on-year revenue growth of 27.3% from RM1,002.5 million in H1FY22.

The improved performance was driven by contribution from industrial and residential products with increased on-site development activities in Bandar Bukit Raja, Nilai Impian, Elmina Business Park and Serenia City townships. The segment’s financial results were negatively impacted by labour shortage to a greater extent in H1FY22, although lack of skilled labour continued to impede site progress across the industry in the current financial period.

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B1. Review of Group Performance (continued)

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

a) Property development (continued)

The growth in segment's profit was partially offset by higher share of loss from joint ventures and associate by RM16.2 million, primarily attributed to escalating operating, marketing and selling expenses.

Notwithstanding the persisting labour issues and higher losses from joint venture, the segment's results remained resilient with a growth of 20.6% to RM189.2 million in the current financial period.

b) Investment and asset management

The investment and asset management segment recorded revenue of RM52.5 million, on par with H1FY22. Notably, KL East Mall in the retail sub-segment continues to grow its occupancy rate to 86% as at 30 June 2023 compared to 81% recorded a year ago.

The segment recorded a lower profit of RM9.4 million prior to share of results of joint ventures and associates, mainly attributed to the termination of a lease agreement for the Group's asset in Singapore coupled with higher utilities costs from imbalance cost pass-through ("ICPT") surcharge offsetting revenue growth under the retail sub-segment. However, the segment's results turned to a loss of RM6.0 million in the current period after share of results of joint ventures and associates. This was predominantly caused by higher finance cost as a result of interest rate hikes.

c) Leisure

The leisure segment saw an increase in revenue by 9.9% to RM45.3 million, as compared to RM41.2 million in H1FY22. Revenue growth was driven by higher banqueting and food and beverages proceeds during the Hari Raya festive season. However, the leisure segment saw a marginal loss of RM0.1 million due to rising operating costs and costs incurred on intensifying its golf course maintenance activities ahead of the Ladies Professional Golf Association ("LPGA") tournament in October 2023.

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

	Quarter ended		%
	30 June 2023	31 March 2023	+ / (-)
Segment revenue:			
Property development	639,740	636,764	0.5
Investment and asset management	26,256	26,240	0.1
Leisure	22,922	22,328	2.7
Revenue	688,918	685,332	0.5
Segment results:			
Property development	101,942	87,306	16.8
Investment and asset management	(3,138)	(2,851)	(10.1)
Leisure	(1,816)	1,699	(206.9)
	96,988	86,154	12.6
Other gains	3,988	5,144	
Profit before interest and tax	100,976	91,298	10.6
Finance income	29,789	28,063	
Finance costs	(16,478)	(21,425)	
Profit before tax ("PBT")	114,287	97,936	16.7
Tax expense	(35,448)	(36,741)	
Profit for the period	78,839	61,195	28.8
Attributable to:			
- owners of the Company	71,068	60,672	17.1
- non-controlling interests	7,771	523	
Profit for the period	78,839	61,195	28.8

The Group's revenue of RM688.9 million remained largely consistent with the preceding quarter, whilst PBT increased by 16.7% from RM97.9 million in the preceding quarter to RM114.3 million in the current quarter. PBT growth is mainly supported by improved results from the Property Development segment.

The results of each business segment are analysed below:

a) Property development

Revenue from property development improved marginally in the current quarter, whilst segment profit for the current quarter saw a higher growth of 16.8% to RM101.9 million from RM87.3 million in the preceding quarter that was enhanced by other income of RM9.7 million.

The segment results remained strong with contribution from increased sales in industrial and residential products and on-site development activities in City of Elmina, Bandar Bukit Raja, Nilai Impian, Elmina Business Park and Serenia City.

The improvement in the current quarter segment's profit is also attributed to a lower share of loss from joint ventures and associate of RM10.0 million, as compared to RM16.1 million in the preceding quarter.

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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's total revenue of RM26.3 million is on par with the preceding quarter. The segment registered slightly higher segment loss by RM0.3 million mainly due to the termination of a lease agreement for the Group's asset in Singapore, coupled with impact from elevated operating costs under the retail sub-segment due to ICPT surcharge and higher maintenance costs.

c) Leisure

The leisure segment recorded marginally higher revenue of RM22.9 million in the current quarter. Despite maintaining its topline, the segment faced challenges in sustaining a profitable position in the current quarter in view of rising costs as the management segment intensified its golf course maintenance activities ahead of the PGA tournament in October 2023.

B3. Prospects

The Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 3% upon the conclusion of its monetary policy committee ("MPC") on 6 July 2023. This continues to be accommodative and supportive of the economy in view of easing inflationary pressure. The Malaysian Gross Domestic Product ("GDP") is expected to expand between 4.0% to 5.0% in 2023 driven by domestic demand, increase in employment level and development of large infrastructure projects.

Locally, it is anticipated that the property market will continue to be supported by domestic demand with household spending expected to remain healthy for the remainder of the year. However, the property market in the United Kingdom has been slower this year on the back of weakened buyer sentiment in the recent months with Bank of England ("BoE") having made 14 consecutive increases to the base rate taking it to 5.25%, its highest level since 2008 in a bid to tackle high inflation. This has resulted in higher mortgage rates.

For H1 FY2023, the Group had launched a total GDV of RM2.1 billion across the residential, industrial, and commercial products. Our ability to capitalize on market demand have resulted in enhanced sales and a more diversified product portfolio. With several high-rise residential launches planned for the second half of 2023 in addition to landed residential and industrial products, the Group is poised to surpass its sales target of RM2.3 billion, given that its sales achieved as of 30 June 2023 are already robust at RM1.5 billion.

Unbilled sales of RM3.8 billion will be substantially recognised over the next two to three years. With total bookings secured worth RM1.8 billion as of 31 July 2023, our marketing efforts will be focusing on swift sales conversion for H2 FY2023. The Group remains financially sound given its low net gearing level of 20.7% and cash balances of RM795.4 million as of 30 June 2023.

In addition, the Group mapped its foray into rooftop solutions for solar energy production as announced on 27 July 2023. This is not only synergistic to the Group's strategy to become a real estate company with diversified revenue streams by 2025, but also symbiotic to the Government's vision to achieve 70% renewable energy capacity by 2050.

The Group is on course to deliver more than 4,000 units of vacant possession in 2023, on the back of robust performance in recent years. It has delivered 730 units in the first half of 2023, with execution priority now switches to the second half of the year to deliver more than 3,000 units.

The Group is confident that the strong momentum seen in the first half of 2023 will continue into the second half of the year. Hence, the Group is revising its sales target of RM2.3 billion to RM2.7 billion and the GDV launch target of RM3.0 billion to RM4.0 billion. Nonetheless, the Group will continue to monitor risk factors such as material prices, OPR and skilled labour market for the remainder of the year. Barring any unforeseen circumstances, the Group is sanguine that its financial and operational performance will remain resilient despite prevailing economic and market conditions.

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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 Before Tax

	Quarter ended 30 June		Six (6) months ended 30 June	
	2023	2022	2023	2022
Included in operating profit are:				
Depreciation and amortisation	(7,714)	(8,514)	(15,785)	(16,966)
Net impairment of receivables	(213)	(102)	(149)	(866)
Net changes in fair value on investment properties	991	(1,441)	(949)	(4,614)
Write-off of property development expenditure	(542)	–	(542)	–
Investment income	–	–	–	153
Included in other gains are:				
Gain/(Loss) on disposal of:				
- subsidiaries	–	44,072	–	53,020
- others	7	3	(5)	3
Net foreign exchange gain	2,235	2,296	7,391	2,606

B6. Tax Expense

	Quarter ended 30 June		Six (6) months ended 30 June	
	2023	2022	2023	2022
In respect of the current period:				
- current tax	25,916	33,477	45,693	62,521
- deferred tax	9,197	11,946	23,958	7,815
	35,113	45,423	69,651	70,336
In respect of prior years:				
- current tax	(598)	(1,826)	900	(1,070)
- deferred tax	933	(3,278)	1,638	(1,493)
	35,448	40,319	72,189	67,773

The effective tax rate for the current quarter ended and for the six (6) months ended 30 June 2023 of 26.3% and 26.9% respectively are higher than statutory tax rate of 24% due to non-deductible expenses and deferred tax asset not recognised for losses incurred by certain subsidiaries.

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B7. Status of Corporate Proposal

Other than the completion of a corporate proposal as disclosed in Note A10(c)(ii), there is no other corporate proposal announced but not completed as at the date of issue of the quarterly report.

B8. Group Borrowings

The breakdown of the borrowings as at 30 June 2023 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	238,531	–	238,531
Islamic financing	374,006	–	374,006
Syndicated Islamic financing	411,883	–	411,883
Islamic medium-term notes	–	799,334	799,334
Amounts due to non-controlling interests	–	238,331	238,331
	<u>1,024,420</u>	<u>1,037,665</u>	<u>2,062,085</u>
<u>Short-term borrowings</u>			
Term loans due within one year	186,522	–	186,522
Islamic financing due within one year	162,886	–	162,886
Syndicated Islamic financing	83,420	–	83,420
Islamic medium-term notes	–	1,789	1,789
Revolving credits	–	316,503	316,503
	<u>432,828</u>	<u>318,292</u>	<u>751,120</u>
Total borrowings	<u>1,457,248</u>	<u>1,355,957</u>	<u>2,813,205</u>

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

	Secured	Unsecured	Total
Borrowings			
- principal	1,451,939	1,353,718	2,805,657
- interest	5,309	2,239	7,548
Total borrowings	<u>1,457,248</u>	<u>1,355,957</u>	<u>2,813,205</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,062,085	434,617	2,496,702
Sterling Pound	–	316,503	316,503
Total borrowings	<u>2,062,085</u>	<u>751,120</u>	<u>2,813,205</u>

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

B9. Material Litigations

Changes in material litigations since the date of the last audited annual statement of financial position up to 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 71 purchasers 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.

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 trial commenced on 16 April 2018. 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. A total of 9 trial dates were fixed between April 2018 to August 2023 and further trial dates have been fixed on 4 to 6 September 2023.

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 has referred disputes arising from the Project and the construction contract with SDPKE (“Respondent”) to arbitration by issuing a notice of arbitration (“Notice”) on 20 September 2018.

The Claimant is claiming for specific damages of approximately RM42.0 million. The Respondent had disputed the claims by the Claimant and had counterclaimed for an approximate sum of RM40.0 million relating to incomplete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments.

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 on various dates between June 2020 to August 2023. Further hearing dates have been fixed in October and November 2023.

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. Nonetheless, there have been certain concessions made by the Respondent’s witnesses who have given or are still giving evidence to-date, the impact of which has to be re-assessed and determined.

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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 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 by the Land Administrator (“Respondent”) in respect of the acquisition by Lembaga Lebuhraya Malaysia (“LLM”) of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor (“Lands”) which consists of the aggregate compensation for market value of the Lands of RM90.7 million and the aggregate compensation for severance and injurious affection (“IA”) of RM78.6 million (“IA Award”).

Dissatisfied with the IA Award, on 6 August 2015, LLM lodged their objection to the High Court. On 22 March 2017, the High Court held, inter alia, that the IA Award is to be reduced to RM72.9 million (“First High Court Decision”).

LLM appealed against the First High Court Decision and on 22 October 2018, the Court of Appeal remitted the case to the High Court to be re-heard before a new Judge (“Re-Hearing”). The Re-Hearing which was initially fixed on 24 to 27 July 2023 has been postponed in view of LLM’s new application which was filed in the High Court on 14 July 2023 (“LLM’s Application”) seeking for the Court’s leave for LLM to adduce an additional rebuttal report prepared by its valuer and LLM’s affidavit in reply. The LLM’s Application is fixed for hearing on 15 September 2023 and will have to be disposed of first before the Re-Hearing can take place.

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 as the First High Court Decision.

B10. Dividend

A first single tier dividend of 1.0 sen per ordinary share in respect of the financial year ending 31 December 2023, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 has been declared and will be paid on 19 October 2023. The entitlement date for the dividend payment is 29 September 2023.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred into the depositor’s securities account before 4.30 pm on 29 September 2023 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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B11. Earnings Per Share

	Quarter ended 30 June		Six (6) months ended 30 June	
	2023	2022	2023	2022
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit for the period	<u>71,068</u>	<u>104,998</u>	<u>131,740</u>	<u>156,557</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 per share (sen)	<u>1.0</u>	<u>1.5</u>	<u>1.9</u>	<u>2.3</u>

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

Selangor Darul Ehsan
28 August 2023

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