

SIME DARBY BERHAD (“SIME DARBY” OR “COMPANY”)

- (I) **PROPOSED INTERNAL RESTRUCTURING OF SIME DARBY AND ITS SUBSIDIARIES (“SIME DARBY GROUP” OR “GROUP”) (“PROPOSED INTERNAL RESTRUCTURING”);**
- (II) **PROPOSED DISTRIBUTION OF SIME DARBY’S ENTIRE SHAREHOLDING IN SIME DARBY PLANTATION BERHAD (“SD PLANTATION”) AND SIME DARBY PROPERTY BERHAD (“SD PROPERTY”) TO ITS SHAREHOLDERS (“PROPOSED DISTRIBUTION”);**
- (III) **PROPOSED LISTING OF THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF SD PLANTATION AND SD PROPERTY ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“PROPOSED LISTING”); AND**
- (IV) **ARRANGEMENTS BETWEEN THE SIME DARBY GROUP, SD PLANTATION AND SD PROPERTY TO GOVERN RELATIONSHIP FOLLOWING THE PROPOSED DISTRIBUTION (“ARRANGEMENTS”)**

(THE PROPOSED INTERNAL RESTRUCTURING AND PROPOSED DISTRIBUTION ARE TO BE COLLECTIVELY REFERRED TO AS “PROPOSED TRANSACTION”. THE PROPOSED TRANSACTION AND PROPOSED LISTING ARE TO BE COLLECTIVELY REFERRED TO AS “PROPOSALS”)

1. INTRODUCTION

On 26 January 2017, the Company announced that the Board of Directors of the Company (“**Board**”) had approved in-principle a plan to pursue a pure-play strategy involving the creation of standalone listed entities in the plantation, property, and trading and logistics sectors on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) with the aim of unlocking sustainable value for Sime Darby.

On 27 February 2017, on behalf of the Board, Maybank Investment Bank Berhad (“**Maybank IB**”) announced that the Company proposes to distribute its entire shareholding in SD Plantation and SD Property (to be collectively referred to as “**Identified Entities**”) to the entitled shareholders of Sime Darby following the Proposed Internal Restructuring with the entire issued share capital of the Identified Entities proposed to be listed on the Main Market of Bursa Securities. It was also announced that the Proposals are subject to the finalisation of the terms and timing.

On behalf of the Board, Maybank IB wishes to announce that the Board has approved the final terms of the Proposals. Further details of the Proposals and Arrangements are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Internal Restructuring

The Proposed Internal Restructuring involves the following:

(a) Restructuring of the borrowings of the Group (“Debt Restructuring”)

Sime Darby has novated the following capital market programmes and issuances to SD Plantation:

- (i) USD1.5 billion multi-currency sukuk programme and the outstanding amount of about USD172 million (equivalent to about RM740 million which was translated based on the exchange rate of USD1:RM4.2979, being the middle rate quoted by Bank Negara Malaysia at 3:30 p.m. as at 23 May 2017, being the day the Company repurchased and novated the sukuk); and
- (ii) RM3 billion perpetual subordinated sukuk programme and the outstanding amount of about RM2.2 billion on 23 June 2017.

In addition, on 23 August 2017, Sime Darby has completed the early redemption of the outstanding Islamic Medium Term Notes (“iMTN”) of RM700 million. The RM4.5 billion iMTN programme is proposed to be novated to SD Property.

(b) Transfer of assets within the Group

Sale of lands located in Labu Seremban which are earmarked for the Malaysia Vision Valley project (“MVV Land”) by SD Plantation

Kumpulan Sime Darby Bhd (“KSDB”), a wholly-owned subsidiary of Sime Darby and SD Property have entered into separate sale and purchase agreements (“SPAs”) with SD Plantation to acquire the following (“Acquisition of MVV Land”):

Purchaser	Date of SPA	Size of the MVV Land acquired	Purchase consideration
		Acres	RM'million
KSDB ⁽¹⁾	7 June 2017	8,793	2,503
SD Property ⁽²⁾	9 June 2017	1,944	713
Total		10,737	3,216

Notes:

⁽¹⁾ The acquisition was completed on 30 June 2017.

⁽²⁾ The acquisition is expected to be completed by the 4th quarter of 2017. The purchase consideration was arrived at after taking into consideration the market value as ascribed by C H Williams Talhar & Wong Sdn Bhd (“WTW”) as at 3 November 2016. WTW has subsequently updated the valuation as at 30 June 2017. Further details of the MVV Land acquired by SD Property is set out in Appendix I of this Announcement.

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Pending the commencement of development on the MVV Land, SD Plantation will manage the estates on the MVV Land (including planting/replanting, maintenance of oil palm, and the harvesting and selling of fresh fruit bunches (“FFB”)) via tenancy agreements with KSDB and SD Property respectively. The tenancy agreement between KSDB and SD Plantation was entered into on 19 July 2017 and the tenancy agreement between SD Property and SD Plantation will be entered into upon completion of the Acquisition of MVV Land by SD Property. The tenancy agreement is for a period of 3 years from 30 June 2017 with an option to renew for another 3 years. The rental payment will take into account the price of crude palm oil (“CPO”) and total planted area.

(c) Redemption of redeemable preference shares (“RPS”)

It is also proposed for SD Property to redeem all the RM89.2 million RPS held by Sime Darby for RM1,405.5 million (“**Proposed RPS Redemption**”) to be satisfied via the issuance of 1,405,496,300 new ordinary shares in SD Property (“**SD Property Shares**”) at an issue price of RM1.00 each.

For information purposes, the Proposed RPS Redemption will be effected before the Proposed Distribution (as defined in Section 2.2 of this Announcement).

(d) Settlement of non-trade related inter-company balances (“Proposed Settlement”)

The net inter-company non-trade related amount owing by SD Plantation and SD Property to the Sime Darby Group after taking into account the Proposed Internal Restructuring will be settled in the following manner:

	SD Plantation	SD Property
	RM'million	RM'million
Balance as at 30 June 2017	1,523 ⁽¹⁾	4,266 ⁽¹⁾⁽²⁾
Settlement pursuant to the Acquisition of MVV Land by SD Property	(713)	713
Waiver of debt by the Sime Darby Group	-	(159)
Net amount owing	810	4,820
To be settled via the following:		
Issuance of new ordinary shares at an issue price of RM1.00 each to Sime Darby (“ Proposed Capitalisation ”) ⁽³⁾	(500)	(4,396)
Cash	310 ⁽¹⁾	424 ⁽¹⁾

Notes:

⁽¹⁾ Includes amount owing by SD Property to SD Plantation and to be settled by SD Property of RM40 million.

⁽²⁾ Includes capital contribution of RM1,500 million.

⁽³⁾ The Proposed Capitalisation will be effected before the implementation of the Proposed Share Split (as defined below). For information purposes, the issued share capital of

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SD Property after the Proposed Capitalisation will comprise of 6,800,839,377 SD Property Shares.

Any increase in the inter-company balances after 30 June 2017 will be settled in cash and any reduction in the inter-company balances will be adjusted from the Cash Settled Amount.

(e) Proposed share split

Upon completion of the Proposed Capitalisation, the issued share capital of SD Plantation will increase from 600,000,000 SD Plantation shares to 1,100,000,000 SD Plantation shares. It is proposed that the existing SD Plantation shares be subdivided into 6,800,839,377 ordinary shares in SD Plantation shares ("**SD Plantation Shares**") ("**Proposed Share Split**") such that it will have the same number of issued shares as Sime Darby.

The Proposed Share Split is to minimise the incidence of odd lots pursuant to the Proposed Distribution (as defined in Section 2.2 of this Announcement).

The Proposed Share Split will be implemented before the implementation of the Proposed Distribution.

2.2 Proposed Distribution

Following the completion of the Proposed Internal Restructuring, Sime Darby will distribute the following to the shareholders of the Company whose names appear in the Company's Record of Depositors on an entitlement date to be determined by the Board after the receipt of all relevant approvals ("**Entitlement Date**") ("**Entitled Shareholders**"):

- (a) Sime Darby's entire shareholding in SD Plantation comprising 100% of the SD Plantation Shares; and
- (b) Sime Darby's entire shareholding in SD Property comprising 100% of the SD Property Shares,

on the basis of 1 SD Plantation Share and 1 SD Property Share each, for every 1 Sime Darby Share, out of distributable reserves.

Based on the audited financial statements of Sime Darby for the financial year ended ("**FYE**") 30 June 2017, the Proposed Distribution will reduce Sime Darby's reserves from RM7,965 million to RM64 million based on Sime Darby's cost of investment in the Identified Entities of RM7,901 million.

Upon completion of the Proposed Distribution, Sime Darby will cease to be the shareholder of the Identified Entities and the Entitled Shareholders will hold directly such number of SD Plantation Shares and SD Property Shares in the same proportion as their shareholdings in Sime Darby as at the Entitlement Date.

2.3 Proposed Listing

Following the Proposed Distribution, the Identified Entities will seek admission into the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of the Identified Entities on the Main Market of Bursa Securities.

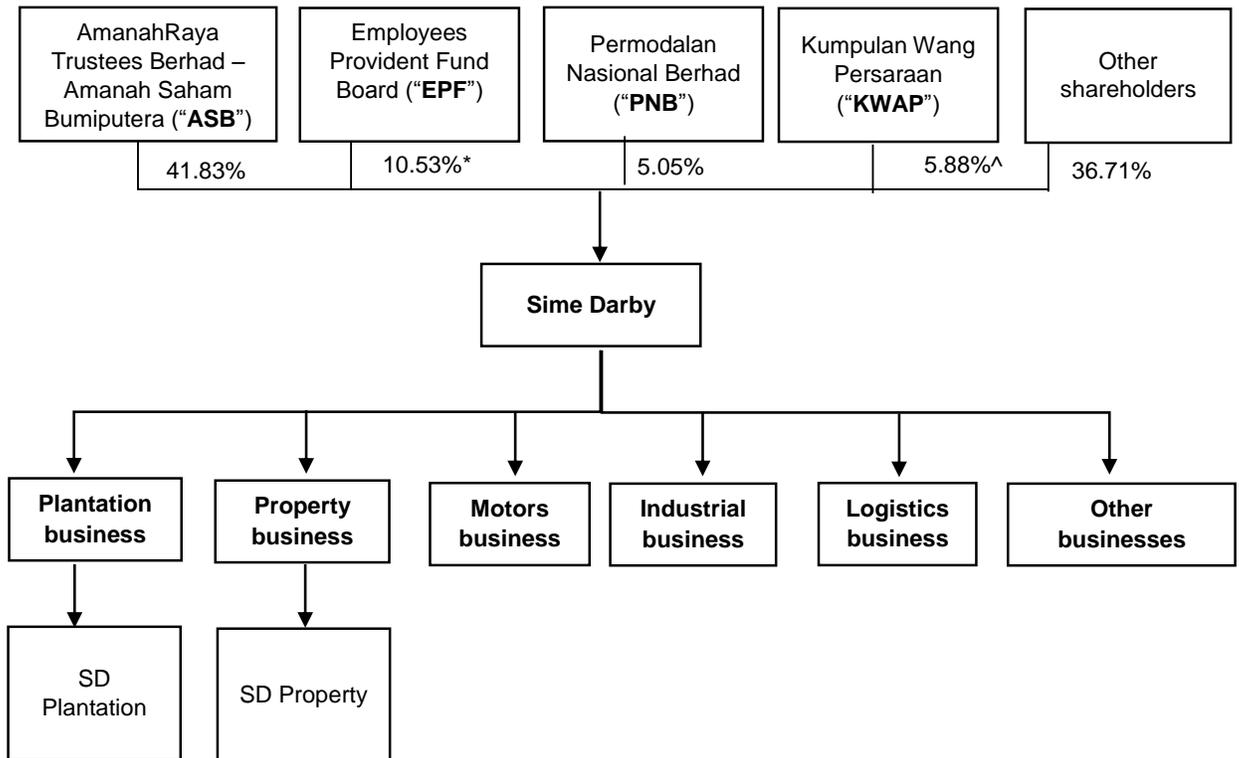
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Upon completion of the Proposals, there will be 3 separate and independent listed entities with distinct businesses with SD Plantation and SD Property undertaking the current plantation and property businesses of the Sime Darby Group respectively, while Sime Darby will remain listed on the Main Market of Bursa Securities with the following businesses:

- (a) trading comprising motors and industrial;
 - (b) logistics; and
 - (c) other businesses comprising of healthcare, insurance and other investments,
- (collectively referred to as “**Trading & Logistics Entity**”).

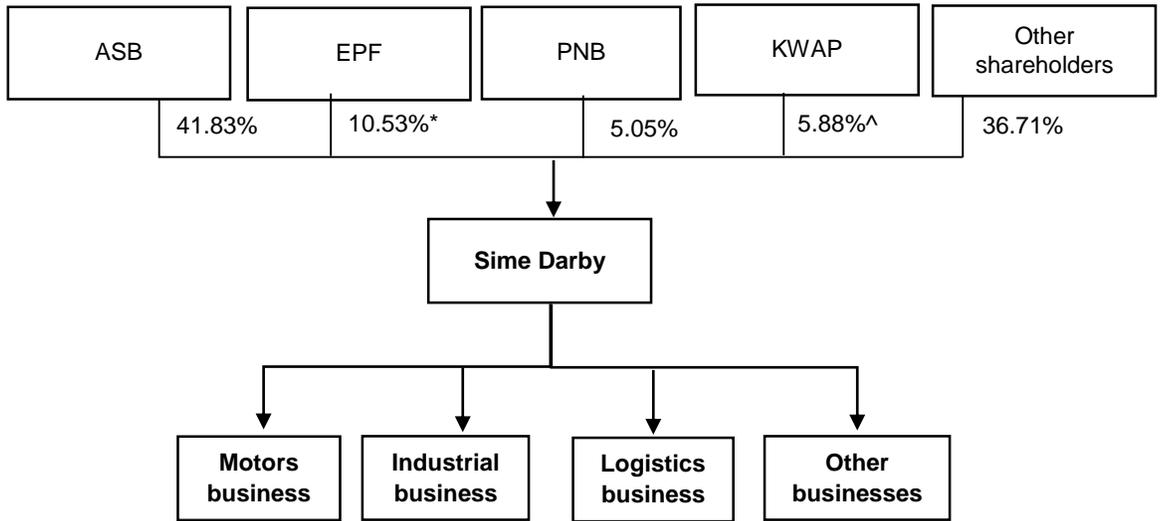
Based on the shareholding structure of Sime Darby as at 18 August 2017, being the latest practicable date prior to this Announcement (“**LPD**”), the corporate structure of the Sime Darby Group before and after the Proposals are as follows:

Before the Proposals

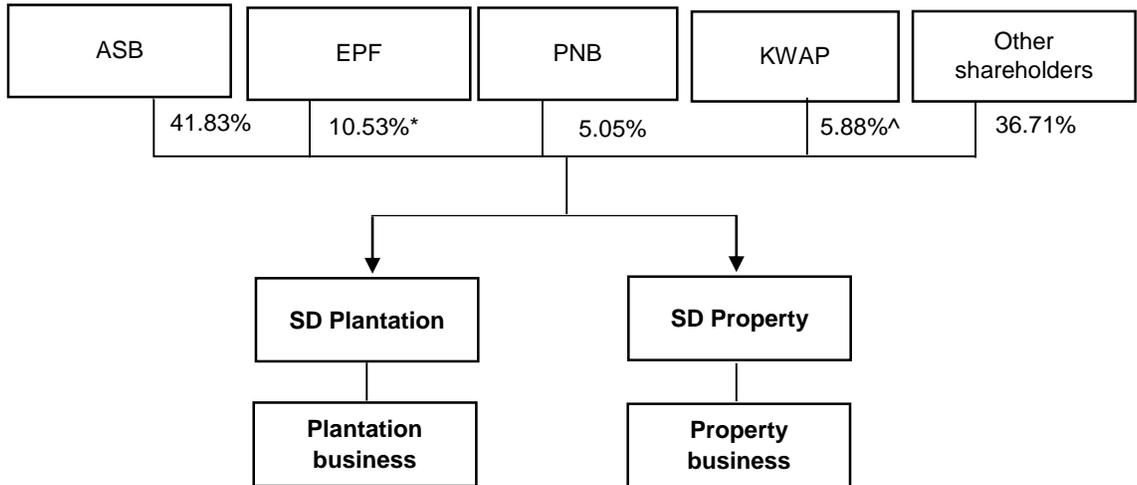


After the Proposals

Corporate structure of Sime Darby



Corporate structure of the Identified Entities



Notes:

* Comprising 9.35% direct interest and 1.18% indirect interest (managed by/through Citigroup Nominees (Tempatan) Sdn Bhd for EPF)

^ Comprising 5.48% direct interest and 0.4% indirect interest (managed by KWAP's fund managers)

3. ARRANGEMENTS BETWEEN THE SIME DARBY GROUP, SD PLANTATION AND SD PROPERTY TO GOVERN RELATIONSHIP FOLLOWING THE PROPOSED DISTRIBUTION

In conjunction with the Proposed Internal Restructuring and since the Sime Darby Group, SD Plantation and SD Property will be separate entities following the Proposed Distribution, certain entities within the Group have entered into the following agreements with SD Plantation and SD Property to govern certain commercial arrangements or transactions between the parties:

3.1 Option agreements in respect of the MVV Land between KSDB and SD Property

On 25 August 2017, KSDB entered into several call option agreements with SD Property pursuant to which SD Property was granted an option to purchase the legal and beneficial ownership of and title to the parcel of lands totaling 8,793 acres located within the MVV development region at any time during the option period (i.e. 5 years (with an option to extend for another 3 years, to be mutually agreed by the parties) commencing from the date of the listing of and quotation for the entire enlarged issued share capital ("**Listing Date**") of SD Property on the Main Market of Bursa Securities) at a purchase price to be determined by an agreed independent valuer ("**MVV Option Agreements**") subject to the terms and conditions of the MVV Option Agreements, which include, among others, the prior approval of shareholders of the party(s), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the market value of the land on the basis prescribed in the agreement and using the methodology as it may determine.

3.2 Option agreements in respect of certain lands between SD Plantation and SD Property

On 25 August 2017, SD Plantation entered into the following call option agreements with SD Property pursuant to which SD Property was granted call options to purchase the legal and beneficial ownership of and title to the following identified parcels of lands, at any time during the option period (i.e. 5 years (with an option to extend for another 3 years) commencing from the Listing Date of SD Property) at a purchase price to be determined by an agreed independent valuer subject to the terms and conditions of the respective agreements, which include, among others, the prior approval of shareholders of the party(s), if required by applicable law or rule of a stock exchange:

- (i) 1,862 acres of land located within Kulai A estate and 3,186 acres within Kulai B estate in Johor;
- (ii) 2,000 acres of land located within Sepang estate in Selangor;
- (iii) 993 acres of land located within Sungai Kapar estate in Selangor;
- (iv) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor;
- (v) 485 acres of land located within Lothian estate in Selangor;
- (vi) 864 acres of land located within Byram estate in Pulau Pinang;
- (vii) 268 acres of land located within Ainsdale West estate in Negeri Sembilan; and

(viii) 148 acres of land located within Bukit Selarong estate in Kedah.

(“Land Option Agreements”).

The agreed independent valuer shall value the land based on agricultural status with development potential, using the methodology as it may determine.

SD Plantation and SD Property have further agreed that, after the acquisition of the abovementioned lands, if SD Property intends to lease, rent or grant licences over any part of the lands for the purposes of oil palm planting and/or harvesting (and/or any agricultural venture), SD Property agreed to first offer the same to SD Plantation for tenancy. If SD Plantation exercises its right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached in the respective Land Option Agreements.

3.3 Master services agreements between Sime Darby Global Services Centre Sdn Bhd (“SDGSC”), a wholly-owned subsidiary of Sime Darby, SD Plantation and SD Property

SDGSC has provided certain centralised operational support and functional services to the Identified Entities in the ordinary course of business. Some of these services include the processing of account payables and receivables, book keeping services, human resource administration and payroll services, procurement services (sourcing and vendor registration), corporate card services as well as information technology services (such as server hosting). SDGSC had on 25 August 2017 entered into separate master services agreements with SD Plantation and SD Property respectively (**“Master Services Agreements”**) to continue to provide such shared services for a period of 3 years commencing from the Listing Date of the Identified Entities. In consideration of the services performed under the Master Services Agreements, the Identified Entities shall each pay an annual fee to SDGSC which shall be in accordance with the specific scope of services provided to the Identified Entities. The fee is subject to annual review and determined after taking into account, among others, the recoverability of the services cost, cost to maintain the relevant systems and changes to the scope of services.

Most of these systems are either complex, requires heavy customisation, proprietary, requires special expertise or costly to develop immediately. Therefore, the agreements will enable the Identified Entities to continue utilising such functions such that there is no disruption to the existing business operations to ensure smooth transition into a separate group from the existing Sime Darby Group following the Proposed Listing as well as to avoid the immediate need to incur high capital cost to develop and maintain the systems. It will also allow the resources of the Identified Entities to be deployed towards pursuing their respective business strategies following the Proposed Listing.

3.4 Trademark and brand licence agreements between Sime Darby Malaysia Berhad (“SD Malaysia”), a wholly-owned subsidiary of Sime Darby, SD Plantation, SD Property and Yayasan Sime Darby (“Foundation”), a company limited by guarantee founded by SDB

On 25 August 2017, SD Malaysia (as licensor) and the Foundation (licensee) entered into a trade mark and brand licence agreement (**“Trademark and Brand Licence Agreement”**). Pursuant to the Trademark and Brand Licence Agreement, SD Malaysia granted the Foundation a non-exclusive, non-assignable and non-transferable licence to use the “SIME DARBY” mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the “DEVELOPING SUSTAINABLE FUTURES” tagline and “DELIVERING SUSTAINABLE FUTURES” tagline worldwide (collectively **“Trademarks”**),

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solely in the course of or in connection with the activities carried out by the Foundation to further the charitable intent established by the governing council of the Foundation. The licence to use the Trademarks is therefore fixed at a **nominal** consideration of RM1.00.

The Trademark and Brand Licence Agreement is effective from the Listing Date of the Identified Entities and shall, unless terminated earlier, continue for a period of 5 years from the effective date (“**Term**”). Upon the expiry of the Term, the Foundation shall have the option to renew the term of the agreement for a further period as the parties may agree upon by giving notice of no later than 6 months prior to the end of the Term subject to the approval of SD Malaysia.

Each of SD Plantation and SD Property (each as a licensee) also intend to enter into similar trade mark and brand licence agreements with SD Malaysia (as licensor) for the licence of the Trademarks at an annual licence royalty of RM2 million after taking into account the cost reasonably expected to be incurred to maintain the Trademarks. These agreements will also be for a term of 5 years commencing from the Listing Date of the Identified Entities unless terminated earlier and can be renewed for a further period as the parties may agree upon, subject to the approval of SD Malaysia.

3.5 YSD donation agreements between the Company, SD Plantation and SD Property and the Foundation

The Foundation had on 25 August 2017 entered into separate donation agreements with Sime Darby, SD Plantation and SD Property (“**YSD Donation Agreements**”). Pursuant to the YSD Donation Agreements, each of the Company, SD Plantation and SD Property, is to make the following annual cash donation to the Foundation for a term of 5 years with effect from the Listing Date of the Identified Entities (unless extended by mutual agreement of the parties):

<u>Party</u>	<u>Amount</u> RM'million
Sime Darby	20
SD Plantation	40
SD Property	20

All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the areas of community and health, education, youth and sports, environment, and arts and culture to further the charitable intent established by the governing council of the Foundation.

3.6 Broker services agreements between Sime Darby Lockton Insurance Brokers Sdn Bhd (“SD Lockton Insurance Brokers”), a subsidiary of Sime Darby, SD Plantation and SD Property

SD Lockton Insurance Brokers had on 25 August 2017 entered into separate broker services agreements (“**Broker Service Agreements**”) with SD Plantation and SD Property respectively where the Identified Entities may procure from SD Lockton Insurance Brokers certain services including but not limited to recommending and advising them on subscription to the appropriate insurance and/or takaful policies for their respective businesses and act as an intermediary between the respective Identified Entities and the insurance and/or takaful company for a term of 3 years commencing from the Listing Date of the Identified Entities (with the respective Identified Entities having an option to renew

the agreement for a further period that the parties mutually agree) subject to the terms and conditions of the Broker Services Agreements.

Any fee payable to SD Lockton Insurance Brokers will depend on the insurance policies procured by the Identified Entities through SD Lockton Insurance Brokers.

4. INFORMATION ON SD PLANTATION AND SD PROPERTY

4.1 Background information on SD Plantation

SD Plantation was incorporated in Malaysia under the Companies Act, 1965 ("**Act 1965**") as a private limited company on 2 April 2004 under the name of Sime Plantations Sdn Bhd and is deemed registered under the Companies Act, 2016 ("**Act 2016**"). The company changed its name to Sime Darby Plantation Sdn Bhd on 2 January 2008 and was subsequently converted into public company on 20 July 2017 under its present name.

As at 31 July 2017, SD Plantation is a wholly-owned subsidiary of Sime Darby.

SD Plantation is the world's largest oil palm plantation company by planted area, accounting for about 4% of total global production of CPO in 2016, with a strong focus on operational excellence, research, innovation and sustainability. As at 31 July 2017, the SD Plantation group ("**SD Plantation Group**") has 602,509 Ha of land planted with oil palm, and production of about 2.48 million metric tonne ("**MT**") of CPO for the FYE 30 June 2017. SD Plantation is a globally integrated plantation company involved in the entire span of the palm oil value chain, from upstream to downstream activities, research and development, renewables and agribusiness. Plantation Group is also involved in rubber and sugarcane plantations as well as cattle rearing.

The SD Plantation Group primary activities involve:

Upstream:

- developing, cultivating and managing oil palm, rubber and sugarcane plantation estates;
- milling of FFB into CPO and palm kernel, processing and sale of rubber and sugarcane; and
- cattle rearing and beef production.

Downstream:

- production and sales of refined oils and fats (which includes specialty and end-user oils and fats); and
- production and sale of oleochemicals, biodiesel products and derivatives.

Others:

- other activities including agricultural products and services, production and/or sale of oil palm seeds and seedlings, research and breeding programmes of oil palm and rubber with special focus on genome science; and
- renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting.

In upstream operations, the SD Plantation Group operates and manages 251 plantation estates and 72 palm oil mills located in Malaysia, Indonesia, Papua New Guinea ("**PNG**"), the Solomon Islands and Liberia. As at 31 July 2017, the SD Plantation Group has a total landbank of 983,446 Hectares ("**Ha**"), of which 602,509 Ha is planted with oil palm, 13,454

Ha with rubber and 5,613 Ha with sugarcane. The SD Plantation Group also has a total of about 8,956 Ha of land used for cattle rearing.

The downstream operations, inclusive of sales and marketing offices, are spread across 16 countries. The operating assets include 12 refineries (3,973,000 MT), 10 kernel crushing plants (569,640 MT), 1 soya crushing plant (132,000 MT), 1 biodiesel plant (60,000 MT), 14 bulking installations (about 300,000 MT) and 3 oleochemical plants (663,000 MT), through its joint venture in Emery.

The selected key financial data from the consolidated statements of comprehensive income of SD Plantation for the past 3 FYEs 30 June 2015, 30 June 2016 and 30 June 2017, as well as the consolidated statement of financial position of SD Plantation as at 30 June 2017 are set out in **Appendix II** of this Announcement.

4.2 Background information on SD Property

SD Property was incorporated in Malaysia under the Act 1965 as a private limited company on 15 September 1973 under the name of Kumpulan Guthrie Holdings Sendirian Berhad and is deemed registered under the Act 2016. The company subsequently changed its name to Guthrie Property Development Holding Sendirian Berhad on 27 September 1990.

On 2 October 2003, the company was converted into a public company and assumed the name of Guthrie Property Development Holding Berhad. SD Property assumed its present name on 12 December 2007.

As at 31 July 2017, SD Property is a wholly-owned subsidiary of Sime Darby.

The SD Property group ("**SD Property Group**") is a prominent property developer with the largest land bank in Malaysia with a footprint in the United Kingdom through the development of the iconic Battersea Power Station in London. The property development business is complemented by investment in 2 other business segments, namely, property investment and, leisure and hospitality.

The SD Property Group's existing land bank with a total remaining gross development value ("**GDV**") of RM101.1 billion are strategically connected to major highways and are located mainly within key growth areas and economic corridors from the central region of Klang Valley all the way to Negeri Sembilan and Johor in the south.

The SD Property Group has been involved in the property development business for over 40 years and have a strong track record of developing landed to strata properties covering residential, offices, retail and industrial developments.

Some of the current major ongoing township developments include the City of Elmina in Shah Alam, Serenia City in Sepang and Bandar Bukit Raja in Klang.

As at 31 July 2017, the SD Property Group owns approximately 16,985 acres of remaining developable land bank which are located mainly at strategic locations around the Klang Valley, Negeri Sembilan and Johor. 10,259 acres of the remaining developable land bank owned by the SD Property Group are located within its existing 23 active townships as well as integrated and niche developments. These developments are estimated to generate a GDV of approximately RM86.5 billion. The remaining 6,726 acres of land bank is for future development.

Under the property investment arm, the SD Property Group undertakes leasing and property management services in respect of assets which are located in Malaysia,

Singapore and the United Kingdom. As at 31 July 2017, the SD Property Group manages a total net commercial space of about 2 million square feet.

Under the leisure and hospitality arm, the SD Property Group manages hospitality and leisure assets which include the Sime Darby Convention Centre in Kuala Lumpur, TPC Kuala Lumpur (formerly known as Kuala Lumpur Golf and Country Club), Impian Golf and Country Club in Kajang, Selangor, Darby Park Serviced Residences in Margaret River, Australia, Darby Park Executive Suites in Singapore and Darby Park Serviced Residences in Vietnam.

The selected key financial data from the consolidated statements of comprehensive income of SD Property for the past 3 FYEs 30 June 2015, 30 June 2016 and 30 June 2017, as well as the consolidated statement of financial position of SD Property as at 30 June 2017 are set out in **Appendix III** of this Announcement.

5. RATIONALE AND BENEFITS OF THE PROPOSALS

The Proposals are expected to enable the Identified Entities to accelerate their growth on the back of the benefits expected to be derived from a pure-play strategy involving the creation of standalone listed entities, as follows:

(i) Better focus on capital management and growth strategies

The respective entities within the Sime Darby Group are involved in different business segments and have different capital requirements and business strategies. The Proposed Internal Restructuring has taken into consideration their respective financial position, cash flow generation capabilities and growth plans. The Proposed Transaction facilitates the creation of pure play plantation, property as well as trading and logistics business groups, providing the respective entities with an opportunity for better and more tailored capital management initiatives, including having direct access to the equity capital market for funding flexibility.

As a standalone entity, each of the Identified Entities and the Trading & Logistics Entity can pursue customised strategies such as dividend policies, growth strategies and investor relations strategies to achieve their respective growth objectives and make decisions on the basis of priorities specific to each business. Following the completion of the Proposed Transaction, the execution capability of each business entity can be expected to improve through better scope for talent sourcing, management and people development. This in turn will help to accelerate performance improvements and growth efforts through clearer and distinct strategic and business focus.

(ii) Reward the Entitled Shareholders and greater investment choice for the investors

The Proposed Transaction will allow Sime Darby to reward its existing shareholders by providing them with an opportunity to participate directly in the equity and growth of the Identified Entities to be separately listed on the Main Market of Bursa Securities.

The operating business and financial profile of each of the Identified Entities are fundamentally different from the Trading & Logistics Entity and is likely to appeal to different groups of investors. Hence, following the completion of the Proposed Transaction, the Entitled Shareholders will be able to manage their investments or rebalance their portfolio in each of the business entities independent of each other, and also provide a wider choice for investors who may seek an investment in one of these business entities, but not the others. This in turn may result in the development of a more focused shareholder base for the Identified Entities and the Trading & Logistics Entity.

(iii) Enhanced investor awareness and greater visibility on business performance

The Proposals are expected to instill organisational focus through more specific management mandates and accountability for each business entity, providing a clear and distinct platform for tailored performance management, business strategies and capital management initiatives. As such, the Entitled Shareholders and other investors are able to separately assess and evaluate the individual financial performance, merits and prospects of each of the Identified Entities and the Trading & Logistics Entity.

The greater visibility on the financial performance of the separate businesses can facilitate assessment by the shareholders, investors and analysts and increase the likelihood of achieving the appropriate market valuation. As a more focused group, it should also improve investor understanding of the businesses and strategy of each of the Identified Entities and the Trading & Logistics Entity.

The Proposed Listing will enable the Identified Entities to gain direct access and participation in the equity market for fund raising in order to provide financial flexibility for the Identified Entities to pursue future expansion and growth opportunities. The Proposed Listing will enable the Identified Entities to gain recognition and corporate stature through their listed status and further enhance their corporate reputations.

6. EFFECTS OF THE PROPOSALS

The proforma effects of the Proposed Transaction on the share capital, substantial shareholders' shareholdings, net assets ("**NA**") per share, gearing, earnings and earnings per share ("**EPS**") of Sime Darby are set out below. As the Proposed Listing would not entail any fund raising by Sime Darby, save for the effect of the expenses relating to the Proposed Listing, the Proposed Listing will not have any effect on the share capital, substantial shareholders' shareholdings, NA per share, gearing, earnings and EPS of Sime Darby.

6.1 Share capital

The Proposed Transaction is not expected to have any effect on the share capital of Sime Darby.

6.2 Substantial shareholders' shareholdings

The Proposed Transaction is not expected to have any effect on the substantial shareholders' shareholdings of Sime Darby.

6.3 NA per Sime Darby Share and gearing

For illustrative purposes, based on the Company's latest audited consolidated statement of financial position as at 30 June 2017 and on the assumption that the Proposed Transaction had been effected on that date, the proforma effects of the Proposed Transaction on the audited consolidated NA per Sime Darby Share and gearing of the Group as at 30 June 2017 are as follows:

	Audited as at 30 June 2017	Proforma I After the Material Transaction ⁽⁴⁾	Proforma II After Proforma I and Proposed final dividend for FYE 30 June 2017 ⁽⁵⁾	Proforma III After Proforma II and Proposed Internal Restructuring ⁽⁶⁾	Proforma IV After Proforma III and the Proposed Distribution & Proposed Listing ⁽⁷⁾
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	9,299	9,299	9,299	9,299	9,299
Reserves	28,044	28,349	27,193	27,351	5,204
NA attributable to owners of the Company	37,343	37,648	36,492	36,650	14,503
Perpetual sukuk	2,230	2,230	2,230	2,230	-
Non-controlling interests	976	976	976	976	375
Total equity	40,549	40,854	39,698	39,856	14,878
Number of Sime Darby Shares in issue (million)	6,801	6,801	6,801	6,801	6,801
NA per Sime Darby Share ⁽¹⁾ (RM)	5.49	5.54	5.37	5.39	2.13
Total borrowings ⁽²⁾	13,054	13,054	13,054	13,003	2,793
Gearing ⁽³⁾ (times)	0.32	0.32	0.33	0.33	0.19

Notes:

- (1) Calculated as NA attributable to owners of the Company divided by the number of Sime Darby Shares in issue.
- (2) Comprise interest-bearing borrowings (including interest payable) and borrowings included in liabilities associated with assets held for sale, but excluding finance leases.
- (3) Calculated as total borrowings divided by total equity.
- (4) After taking into account the disposal of 40% equity interest in Seriemas Development Sdn. Bhd. ("**Seriemas**") for RM625 million.
- (5) After taking into account the proposed final dividend amounting to RM1,156 million for the FYE 30 June 2017.
- (6) After taking into account the Debt Restructuring, Acquisition of MVV Land and Proposed Settlement.
- (7) After taking into account the estimated expenses for the Proposals not accounted for as at 30 June 2017 of RM33 million and deconsolidating the Group's entire equity interest in SD Plantation and SD Property following the Proposed Distribution.

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For information purposes, the proforma effect on the NA and gearing of the Identified Entities Group is set out in **Appendix IV** of this Announcement.

6.4 Earnings and EPS

The Proposed Transaction is expected to be completed in the fourth quarter of 2017. Upon completion of the Proposed Transaction, the Sime Darby Group will cease to consolidate the results of the SD Plantation Group and the SD Property Group (collectively, "**Identified Entities Group**") as the Identified Entities would cease to be subsidiaries of Sime Darby upon completion of the Proposed Distribution. This will adversely impact the Sime Darby Group's earnings for the financial year ending 30 June 2018.

For illustrative purposes, based on the audited consolidated financial statements of Sime Darby for the FYE 30 June 2017 and on the assumption that the Proposed Transaction was completed at the beginning of the financial year, the proforma effects of the Proposed Transaction on the earnings and EPS of Sime Darby are as follows:

	<u>FYE 30 June 2017</u>	<u>Contribution from the SD Plantation Group</u>	<u>Contribution from the SD Property Group</u>	<u>PATAMI excluding the contribution from the Identified Entities</u>
	<u>RM'million</u>	<u>RM'million</u>	<u>RM'million</u>	<u>RM'million</u>
PATAMI	2,438	1,142	681	615
Weighted number of Sime Darby Shares in issue (million)	6,639	6,639	6,639	6,639
EPS (sen)	36.7	17.2	10.3	9.3

6.5 Convertible securities

As at the LPD, the Company does not have any other convertible securities.

7. RISK FACTORS IN RELATION TO THE PROPOSALS

7.1 Inability to secure funding

The plantation and property development businesses are capital intensive in nature. The Identified Entities Group require significant capital to maintain and operate their existing plantation and property development business and for future expansion and acquisition of land bank, whereas the Sime Darby Group (after the Proposed Distribution) requires capital to carry out and expand its trading and logistic businesses.

After the Proposed Listing, the credit profile and financial capacity of the Sime Darby Group (after the Proposed Distribution) and the Identified Entities Group will depend on the respective industries in which they are involved in, namely, trading and logistics, plantations and property development. The ability of the Sime Darby Group (after the Proposed Distribution) and the Identified Entities Group to obtain additional financing at competitive pricing will depend on a number of factors, including:

- (i) each of their respective future financial condition, results of operations and cash flows;

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- (ii) general market conditions for financing activities within their respective industries; and
- (iii) economic, political and other conditions in the markets where each of their respective group entities operate in.

The management of Sime Darby does not foresee any issues in fund raising for the Sime Darby Group (after the Proposed Distribution) and the Identified Entities Group taking into account the proforma gearing level of the Sime Darby Group, SD Plantation Group and SD Property Group at the point of the Proposed Listing. However, in the event that adequate financing is not available, the Sime Darby Group's and the Identified Entities Group's prospects may be adversely affected.

7.2 Non-completion of the Proposals

The Proposals are conditional upon approvals being obtained from the relevant authorities and/or parties as set out in Section 8 of this Announcement. There can be no assurance that all the said conditions can in fact be fulfilled or be fulfilled in a timely manner, in which case the Proposals may be aborted or there may be a delay in their implementation.

7.3 Loss of potential income from the plantation and property groups

Following the completion of the Proposed Distribution, Sime Darby will no longer consolidate the financial results of the Identified Entities. This will result in a decrease in the Sime Darby Group's future earnings.

In view of the above, the shareholders of Sime Darby will also have a higher concentration of risk in their investment in Sime Darby which will no longer be involved in the plantation and property business.

To mitigate the above risk, the management of Sime Darby intends to focus on growing and creating value in its trading and logistics business. Efforts will be placed to ensure there is prudent planning and monitoring of the business and, investments or efforts to expand Sime Darby's business will be carefully evaluated.

7.4 Non-realisation of benefits expected from the Proposals

There can be no assurance that the anticipated benefits arising from the Proposals will materialise in full or at all. The realisation of anticipated benefits is subject to various factors which may be beyond the control of the Company.

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Securities Commission Malaysia for the Proposed Listing;
- (ii) Bursa Securities for the admission of the Identified Entities to the Official List of Bursa Securities and the listing of and quotation for the Identified Entities' entire enlarged issued share capital on the Main Market of Bursa Securities;
- (iii) shareholders of Sime Darby for the Proposed Distribution and Proposed Listing at a general meeting to be convened;
- (iv) lenders/creditors of the Sime Darby Group and its joint venture (where applicable); and

(v) any other authorities/parties, if required.

The implementation of the Proposed Share Split, Proposed Distribution and Arrangements are conditional upon the Proposed Listing. Accordingly, if the approvals required for the Proposed Listing are not obtained, the said proposals will not be undertaken.

9. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or persons connected with them has any interest, direct and/or indirect, in the Proposals, save for their respective entitlements as shareholders of Sime Darby, where applicable, which is the same as all other shareholders of Sime Darby.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals including but not limited to the rationale and benefits as well as effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

11. ADVISER

Maybank IB is the Principal Adviser to the Company for the Proposals.

12. PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities, the highest percentage ratio for the Proposals is about 75% based on the net profits of the Listing Entities compared with the net profits attributable to the owners of the Sime Darby Group.

13. APPLICATION TO THE AUTHORITIES AND ESTIMATED TIMEFRAME FOR COMPLETION

The application to the relevant authorities in relation to the Proposals will be made within 3 months from the date of this Announcement.

Barring unforeseen circumstances, the Proposals are expected to be completed by the 4th quarter of 2017.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Sime Darby at 19th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia during office hour from Monday to Friday (except public holidays) for a period of 3 months from the date of this Announcement:

- (i) SPAs for the Acquisition of MVV Land;
- (ii) Tenancy agreement for the MVV Land;
- (iii) MVV Option Agreements;
- (iv) Land Option Agreements;
- (v) Master Services Agreements;
- (vi) Trademark and Brand Licence Agreement;
- (vii) YSD Donation Agreements; and
- (viii) Broker Services Agreements.

This Announcement is dated 25 August 2017.

This Announcement is not an offer of securities of SD Plantation and SD Property in the United States of America (“US”). The said securities will not be registered, absent registration or an exemption from registration under the US Securities Act 1933, as amended, or the laws of any state in the US. There is no intention to register any portion of the said securities in the US.

BACKGROUND INFORMATION ON THE MVV LAND

A summary of the information on the MVV Land acquired by SD Property are as follows:

- Description : 3 parcels of agricultural lands with development potential
- Postal address : Mukim of Labu, District of Seremban, Negeri Sembilan Darul Khusus
- Land title : Geran 234988 Lot 1711 and 7 others identified as Labu Estate; Geran 233004 Lot 846 and 8 others identified as New Labu (Main Division Estate; and Geran 64560 Lot 1554 and 4 others identified as New Labu (Kirby) Estate
- Tenure : Freehold
- Registered and beneficial owner : SD Plantation & Kumpulan Tebong Sendirian Berhad (for parcel of Geran 234989 Lot 1713)
- Category of land use : Agriculture
- Existing use : The MVV Land is planted with oil palm
- Land area : 1,944 acres
- Date of certificate of fitness for occupation : Not applicable
- Audited net book value (“**NBV**”) of the MVV Land (including bearer plants) as at 30 June 2017 : RM14 million
- Encumbrances : Nil
- Express conditions : The alienated land shall be used for agriculture.
- Restrictions-in-interest : Nil
- Maturity of the trees : 5 years

	Year	FFB production (MT)
Production for the past 3 years :	FYE 30 June 2014/15	18,502
	FYE 30 June 2015/16	14,587
	FYE 30 June 2016/17	16,374

FINANCIAL INFORMATION ON SD PLANTATION

The selected key financial data from the consolidated statements of comprehensive income and key plantation statistics of SD Plantation for the past 3 FYEs 30 June 2015, 30 June 2016 and 30 June 2017 are as follows:

	Audited		
	FYE 30 June		
	2015	2016	2017
	(RM'million)	(RM'million)	(RM'million)
Revenue	10,304	11,946	14,779
Profit before interest and tax	1,538	1,259	4,455
Profit attributable to shareholders ("PATAMI")	997	967	3,507

	FYE 30 June		
	2015	2016	2017
	('000 MT)	('000 MT)	('000 MT)
FFB Production			
Malaysia	5,937	5,257	5,293
Indonesia	3,051	2,745	2,672
PNG and the Solomon Islands	650	1,616	1,792
Liberia	-	3	27
Total	9,638	9,621	9,784

	FYE 30 June		
	2015	2016	2017
	(RM/MT)	(RM/MT)	(RM/MT)
CPO Price Realised			
Malaysia	2,222	2,321	2,825
Indonesia	2,113	2,019	2,764
PNG and the Solomon Islands	2,387	2,410	3,047
Liberia	-	2,028	2,413
SD Plantation Group	2,193	2,242	2,848

Commentaries:**FYE 30 June 2017 vs FYE 30 June 2016**

The SD Plantation Group's net revenue increased by 23.7% to about RM14,779 million in the FYE 30 June 2017 compared to about RM11,946 million in the previous financial year. The increase was primarily due to the increase in the sales of its palm products (i.e. its upstream operations) and its refined edible oils and fats (i.e. its downstream operations).

The SD Plantation Group's PBIT increased from RM1,259 million in FYE 30 June 2016 to RM4,455 million in FYE 30 June 2017. Included in the FYE 30 June 2017 PBIT is the gain on disposal of 8,793 acres of land to KSDB of RM2,469 million and impairment of assets in Liberia of RM202 million. Excluding these items, the PBIT for FYE 30 June 2017 would have been RM2,188 million. The higher profit before interest and tax was largely due to higher CPO price realised of RM2,848 per MT (2016: RM2,242 per MT), higher average palm kernel price of RM2,469 per MT (2016: RM1,581 per MT) and higher FFB production of 1.7% at 9.78 million MT (2016: 9.62 million MT).

FYE 30 June 2016 vs FYE 30 June 2015

The SD Plantation Group revenue increased by 15.9% to RM11,946 million in the FYE 30 June 2016 compared to RM10,304 million in the previous financial year. The increase was primarily due to the increase in sales of refined edible oils and fats (i.e. its downstream operations), sugar and beef, mainly as a result of the full year consolidation of New Britain Palm Oil Limited (“NBPOL”) group’s financial results with the SD Plantation group’s financial results.

The average CPO price realised for the year of RM2,242 per MT was 2.2% higher than that achieved in the previous year of RM2,193 per MT. Overall, FFB production was lower by 0.2% attributable to lower FFB production in Malaysia and Indonesia by 11.5% and 10.0% respectively while the operations of NBPOL recorded 1.62 million MT in its first full year of contribution post acquisition. The lower production in Malaysia and Indonesia was principally due to unfavourable weather conditions (prolonged dry season and flooding) and exacerbated by the effects of El-Nino.

The SD Plantation Group’s PBIT decreased from about RM1,538 million for the FYE 30 June 2015 to about RM1,259 million in the FYE 30 June 2016 mainly due to lower profit from the upstream operations as a result of higher operating cost and lower FFB production.

The PATAMI for FYE 30 June 2016 includes the recognition of a special tax incentive in Indonesia of RM349 million.

The selected key financial data from the audited consolidated statement of financial position of SD Plantation as at 30 June 2017 is as follows:

	RM'million
Share capital	600
Reserves	11,858
NA attributable to owner of the company	12,458
Perpetual sukuk	2,231
Non-controlling interests	434
Total equity	15,123
No. of SD Plantation Shares in issue ('000)	600,000
NA per SD Plantation Share ⁽¹⁾ (RM)	20.8
Total borrowings (RM'million) ⁽²⁾	9,066
Gearing ⁽³⁾ (times)	0.60

Notes:

⁽¹⁾ Calculated as NA attributable to owners of the company divided by number of SD Plantation Shares in issue.

⁽²⁾ Comprises interest-bearing borrowings (including interest payable of RM36 million and interest bearing inter-company loans of RM1,292 million) but excluding finance leases.

⁽³⁾ Calculated as total borrowings divided by total equity.

FINANCIAL INFORMATION ON SD PROPERTY

The selected key financial data from the consolidated statements of comprehensive income of SD Property for the past 3 FYEs 30 June 2015, 30 June 2016 and 30 June 2017 are as follows:

	Audited		
	FYE 30 June		
	2015	2016	2017
	(RM'million)	(RM'million)	(RM'million)
Revenue from continuing operations	3,254	2,591	2,564
Profit before interest and tax from continuing operations (" PBIT ")	821	978	818
PATAMI	620	873	624

Commentaries:**FYE 30 June 2017 vs FYE 30 June 2016**

The SD Property Group's revenue decreased by RM27 million or 1.0% from RM2,591 million for the FYE 30 June 2016 to RM2,564 million for the FYE 30 June 2017.

The property development revenue increased by RM56 million, contributed by the disposals of land and office towers amounting to RM777 million and higher revenue contribution from development projects in Ara Damansara, Putra Heights and Semenyih amounting to RM1,002 million. This was offset by the lower revenue from Bandar Bukit Raja (decline by RM116 million) and the disposal of land in Serenia City for RM319 million in FYE 30 June 2016.

The property investment, hospitality and leisure revenue collectively declined by RM83 million mainly due to the disposal of Sime Darby Property (Dunearn) Limited, Sime Darby Property (Kilang) Limited and Syarikat Malacca Straits Inn in FYE 30 June 2016 and Sime Darby Property (Alexandria) Private Limited in FYE 30 June 2017.

PBIT decreased by RM160 million mainly due to lower gross profit from property development by RM61 million and lower gain on disposal of subsidiaries by RM356 million but partly offset by the higher share of profit of joint ventures by RM298 million. The lower gross profit from property development was mainly due to the provision unsold stocks of RM149 million.

In FYE 30 June 2017, the SD Property Group registered a gain on disposal of Sime Darby Property (Alexandria) Private Limited of RM130 million against gain in FYE 30 June 2016 of RM486 million (RM447 million for disposal of the entire equity interest in Sime Darby Property (Dunearn) Limited and Sime Darby Property (Kilang) Limited and RM39 million for the disposal of 55% equity interest in Syarikat Malacca Straits Inn).

The Battersea Project Holding Company Limited joint venture ("**Battersea JV**") contributed RM140 million following the ongoing handover of Phase 1 units while Sime Darby Real Estate Investment Trust 1 contributed RM137 million mainly from the disposal of an investment property.

FYE 30 June 2016 vs FYE 30 June 2015

The SD Property Group's revenue decreased by RM663 million or 20.4% from RM3,254 million for the FYE 30 June 2015 to RM2,591 million for the FYE 30 June 2016. This is mainly due to lower revenue contribution from Bandar Bukit Raja and City of Elmina and offset by the disposal of land in Serenia City for RM319 million and Semenyih for RM242 million.

PBIT however increased by RM157 million mainly due to higher other operating income by RM282 million and lower share of loss from joint ventures by RM56 million which offset the lower gross profit from property development. The lower gross profit from property development by RM171 million was mainly due to the lower revenue of Bandar Bukit Raja and City of Elmina. The Battersea JV recorded a lower share of loss of RM21 million against RM69 million for FYE 30 June 2015 due to lower marketing expense in FYE 30 June 2016.

Included in other operating income for FYE 30 June 2016 is the gain on disposal of subsidiaries of RM486 million (RM447 million for disposal of the entire equity interest in Sime Darby Property (Dunearn) Limited and Sime Darby Property (Kilang) Limited and RM39 million for the disposal of 55% equity interest in Syarikat Malacca Straits Inn). In FYE 30 June 2015 the other operating income included the gain on disposal of 50% equity interest in Sime Darby Sunsuria Development of RM157 million and gain on disposal of Subang Avenue Shopping Complex of RM57 million.

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The selected key financial data from the audited consolidated statement of financial position of SD Property as at 30 June 2017 is as follows:

	RM'million
Share capital	2,405
Contribution from immediate holding company	1,500
Reserves	2,418
NA attributable to owners of the company	6,323
Non-controlling interests	265
Total equity	6,588
No. of SD Property Shares in issue ('000)	1,000
NA per SD Property Share ⁽¹⁾ (RM)	6.32
Total borrowings (RM'million) ⁽²⁾	4,134
Gearing ⁽³⁾ (times)	0.63

Notes:

- ⁽¹⁾ Calculated as NA attributable to owners of the company divided by number of SD Property Shares in issue.
- ⁽²⁾ Comprises interest-bearing borrowings (including interest payable of RM0.3 million, interest bearing inter-company loans of RM2,070 million and borrowings of RM895 million included under liabilities associated with assets held for sale).
- ⁽³⁾ Calculated as total borrowings over total equity.

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PROFORMA EFFECT OF THE PROPOSALS ON THE NA AND GEARING OF THE IDENTIFIED ENTITIES GROUP

For illustrative purposes, the proforma effects of the Proposals on the audited consolidated NA per SD Plantation Share and SD Property Share based on the respective audited consolidated statement of financial position as at 30 June 2017 of the Identified Entities and the assumption that these transactions had been completed on that date are as follows:

(a) SD Plantation

	Audited as at 30 June 2017	Proforma I	Proforma II
		After Proposed Internal Restructuring and Proposed Distribution	After Proforma I and the Proposed Listing ⁽⁴⁾
	RM'million	RM'million	RM'million
Share capital	600	1,100	1,100
Reserves	11,858	12,557	12,536
NA attributable to owners of SD Plantation	12,458	13,657	13,636
Perpetual sukuk	2,231	2,231	2,231
Non-controlling interests	434	434	434
Total equity	15,123	16,323	16,301
Number of SD Plantation Shares in issue ('000)	600,000	6,800,839	6,800,839
NA per SD Plantation Share ⁽¹⁾ (RM)	20.76	2.01	2.01
Total borrowings ⁽²⁾	9,066	7,774	7,774
Gearing ⁽³⁾ (times)	0.60	0.48	0.48

Notes:

- (1) Calculated as NA attributable to owners of SD Plantation divided by the number of SD Plantation Shares in issue.
- (2) Comprises interest-bearing borrowings (including interest payable of RM36 million and interest bearing inter-company loans of RM1,292 million) but excluding finance leases.
- (3) Calculated as total borrowings divided by total equity.
- (4) After taking into account the total estimated expenses for the Proposed Listing not accounted for as at 30 June 2017 of RM21 million (a total of RM7.4 million was accounted for in the FYE 30 June 2017).

(b) SD Property

	Audited	Pro Forma I	Pro Forma II
	As at 30.6.2017	After Assumed Completed Transactions ⁽¹⁾	After Pro Forma I and the Proposed Listing
	(RM'million)	(RM'million)	(RM'million)
Share capital	2,405	6,801	6,801
Contribution from immediate holding company	1,500	-	-
Retained earnings	2,418	2,854	2,845
NA attributable to owner of the company	6,323	9,655	9,646
Non-controlling interests	265	265	265
Total Equity	6,588	9,920	9,911
Number of shares	1,000,000	6,800,839	6,800,839
NA per share (RM) ⁽²⁾	6.32	1.42	1.42
Total borrowings (RM'million) ⁽³⁾	4,134	2,414	2,414
Gearing ratio (times) ⁽⁴⁾	0.63	0.24	0.24

Notes:

(1) Pro forma includes the following:

(i) Material transaction - disposal of investment in associate, Seriemas

On 31 July 2017, SD Property entered into an agreement to dispose off its entire 40% equity interest in Seriemas, an associate, to PNB Development Sdn Berhad ("**PNB Development**") for a consideration of RM625 million, net of transaction costs of RM11 million. The transaction is expected to be completed in November 2017. The disposal is estimated to generate a gain of RM276 million as set out below:

	(RM'000)
Total sales consideration for disposal of investment in Seriemas	614,720
Less: Carrying value of investment in Seriemas (classified within Assets Held for Sale)	338,264
Gain on disposal	276,456

(ii) Pre-Listing Restructuring exercise

The Pre-Listing Restructuring exercise is undertaken to facilitate the Proposed Listing, comprising the following:

- (a) The Acquisition of MVV Land by SD Property for a cash consideration of RM713,000,000 as set out in Section 2.1(b) of this Announcement.
 - (b) The Proposed RPS Redemption as set out in Section 2.1(c) of this Announcement and the share premium balance of RM1,316,310,000 is fully utilised for the purpose of the redemption. Upon completion of the Proposed RPS Redemption, the issued share capital of SD Property will increase from RM1,000,000,000 to RM2,405,496,300.
 - (c) SD Property will drawdown RM350 million from its revolving credit facilities.
 - (d) The Proposed Settlement and Proposed Capitalisation as set out in Section 2.1(d) of this Announcement.
- (2) NA per share is calculated as NA attributable to owner of the company divided by number of shares in issue.
- (3) Total borrowings comprises interest-bearing borrowings (including interest payable of RM0.3 million, interest bearing inter-company loans of RM2,070 million and borrowings amounting of RM895 million included under liabilities associated with assets held for sale).
- (4) Gearing ratio is calculated as total borrowings divided by total equity.