

SimeProp aims for RM4bil in property launches for FY25

Group seeks to grow recurring income through data centre projects



PROPERTY

By KIRENNESH NAIR
kirennesh@thestar.com.my

PETALING JAYA: Sime Darby Property Bhd (SimeProp) plans to launch RM3.95bil worth of properties in the financial year ending Dec 31, 2025 (FY25), while building strong recurring income from its data centre projects.

Group managing director and chief executive officer Datuk Seri Azmir Merican said SimeProp has a 12,700-acre land bank with over RM100bil in gross development value (GDV) to be unlocked in the coming years.

"We expect to develop between 300 acres to 500 acres for this year," Azmir said during a virtual briefing, emphasising the importance of managing land extraction rates carefully, given the scarcity of land, especially in a smaller country like Malaysia.

Industrial properties are expected to lead with a GDV of RM1.21bil or 31% of the total launches, followed by landed residential at RM1.12bil or 28%, and high-rise residential at RM1.07bil or 27%.

Commercial launches will make up the remaining RM546mil or 14%.

"If you look at the strategy for the existing land, the 12,000 acres is core land. So, it will be something that we keep and we have a plan on the extraction rate," he said.

"What you see over the last few years, we've come down from 700 acres to 500 acres, and then I think 350 acres this year. That's a good rate because land is scarce.

"And while you think that 12,000 acres is a lot, we are not planning for five years. We're planning for five, 10, 15 years," he added.

Azmir reiterated that the core land will not be monetised.

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Datuk Seri Azmir Merican

core land, but not for the core land."

He said SimeProp has about 100 acres of non-core land, mostly in Gurun, Kedah.

Its land is primarily in Selangor and the Greater Klang Valley, and it is exploring further developments in Johor.

However, there are no plans for Sabah and Sarawak "so far", according to Azmir.

For FY25, SimeProp has set a sales target of RM3.6bil, after achieving record sales of RM4.09bil from 2,989 units in FY24, marking a 23% increase from RM3.34bil in FY23 and surpassing its internal target by 17%.

Azmir said the target remains flexible and will be reviewed based on market conditions.

"We set a higher sales target than last year. If market sentiment is positive, we will revise it. If conditions change, we will adjust accordingly.

"It's a dynamic approach to capitalise on opportunities, while maintaining a strong pipeline."

Notably, for the first time, high-rise residential properties led sales, contributing

31% or RM1.26bil in FY24.

Industrial and landed residential followed at 30% or RM1.22bil and 24% or RM1.02bil, respectively.

Commercial properties accounted for 12% or RM482mil, while non-core land monetisation brought in RM96mil or 2% of the total sales.

SimeProp posted record-high revenue of RM4.25bil for FY24, an increase of 23.7% from RM3.44bil in FY23.

Net profit also rose 23.1% to RM502.2mil, compared with RM407.9mil in the previous year.

Earnings per share stood at 7.38 sen, up from six sen a year ago, while net assets per share increased by three sen to RM1.51.

Operating profit surged 48.4% to RM899.8mil from RM606.4mil in FY23.

However, for the fourth quarter (4Q24), revenue dipped 3.5% to RM977.04mil from RM1.01bil a year earlier, while net profit declined 32.7% to RM88.41mil from RM131.26mil.

Despite this, operating profit for the quarter rose 39% to RM170.23mil.

The company declared a second interim dividend of 1.5 sen per share, bringing the total payout for FY24 to three sen per share, or RM204mil, reflecting a 40.5% payout ratio.

Looking ahead, Azmir said the group has total bookings of RM2bil as of Feb 16 and an unbilled sales of RM3.7bil as of the end of last December, translating to a cover ratio of 1.1 times.

On data centre developments, after securing two projects from Google with a total lease value of RM7.6bil, Azmir said the group remains "active" in pursuing more opportunities.

"We are active in this market. If the economics are right and it makes financial sense, we are open to looking at more projects as we aim to build a solid recurring income base," he said.

In May 2024, SimeProp announced its first data centre build-and-lease agreement, valued at RM2bil over an initial 20-year term on a 49-acre site.

It later secured a second hyperscale data centre project with Google in December 2024, covering 77 acres in Elmina Business Park, worth some RM5.6bil.

Azmir emphasised that SimeProp's role is focused on developing the power shell, core infrastructure and construction management for the project.

"We are not involved in the fitting out or operations. We will be the owner," he said.

Addressing regulatory concerns, Azmir clarified that the data centres will be operated by a US company, ensuring compliance with potential policy changes.

He noted that recent announcements by US President Donald Trump include exemptions for US firms, and discussions with Google have reaffirmed confidence in the project's continuity.

Positive outlook for investment and asset management

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“We do not foresee any problems whatsoever, and we have communicated with Google directly,” he said.

Meanwhile, Azmir pointed out that the group’s investment and asset management segment saw revenue rise 29.1% to RM139.2mil in FY24.

However, the segment was in the red, reporting a pre-tax loss of RM11.4mil compared with a pre-tax profit of RM15.8mil, dragged down by higher losses from the

Battersea Power Station (BPS) development in Britain.

Excluding BPS, the segment would have recorded a pre-tax profit of RM73.3mil.

BPS is a 17ha mixed-use development in Britain, jointly owned by SimeProp (40%), SP Setia Bhd (40%), and the Employees Provident Fund (20%).

Azmir said the environment for BPS remains “quite challenging”. However, he added the investment and asset management segment’s outlook is positive.

“If you look at the investment and asset

management, it’s a profitable business, but it’s unprofitable because of the losses when we assume the numbers under BPS.

“So, whether we will be back to black, well, that really depends on the performance of BPS,” he said.

Azmir noted an improving environment for BPS, having welcomed 26 million visitors since its opening in October 2022 and recorded 13 million visitors in FY24, reflecting 15% year-on-year growth.

SimeProp shares declined 0.71% yesterday to close at RM1.39.