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Enduring the Financial Impacts of COVID-19: Property Developers in Malaysia

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Abstract
This paper aims to analyze the early financial implication of COVID-19 towards property development firms in Malaysia as well as discuss the actions taken and their effectiveness to ensure business continuity and to minimize the impact to the financials. A sequential exploratory mixed-methods research design was implemented in this study. Content analysis was adopted to analyze the quantitative and qualitative data of the quarterly and annual financial reports for thirty (30) public-listed property developers in Malaysia. Subsequently, an interview with a market research expert was conducted via Skype to provide possible explanation on the key findings from the financial reports. The Movement Control Order ("MCO") imposed by the Malaysia Government had cause several operational difficulties for the property developers. These negative impacts of COVID-19 were reflected in the declining financial performance of the property developers in year the 2nd quarter of 2020. However, upon the actions taken by the management as well as the loosening of the MCO over time, developers' performance appeared to be improving as they were allowed to operate their business with certain Standard Operating Procedures (SOPs) to adhere. The actions taken were appeared to be effective in responding to the impacts of COVID-19. The findings of this study might not represent the actual financial impact of COVID-19 on the property developers because the smaller property developers in Malaysia were not included in this study. Furthermore, since the study was only focused for the year 2020, the full impact of COVID-19 to property development was not able to be assessed. It is proposed that the study may be reconducted to gauge on the overall impact of the COVID-19 pandemic, with the inclusion of the smaller property developers in Malaysia. Despite its limitation, this study provides input that relates to the impact of COVID-19 in this specific industry in Malaysia. This study recommends actions to be taken by management to ensure business continuity and minimize the impact of pandemic to the firms' financial performance, should similar pandemic arise again in the future.

Keywords: Financial Implication, Financial Analysis, COVID-19, Construction, Property Developers

Introduction

COVID-19, a disease caused by the novel SARS-CoV-2 virus, was initially detected at Wuhan, China following cluster of reported cases of 'viral pneumonia' (WHO, 2020). Almost all of the countries were affected by the spread of the novel disease, including Malaysia. On 25 January 2020, Malaysia's Health Minister confirmed that the COVID-19 virus had reached Malaysia's shore, by infecting three Chinese citizens in Johor Bharu, who travelled from Singapore (NST, 2020). More infections were recorded and the numbers were rising. This pandemic had led to the Malaysian government imposing the "Movement Control Order (MCO)" starting from 18 March 2020 in phases, to curb the spread of the virus. The MCO had negatively impacted majority of the industries that supports the Malaysian economy and the property development sector was not spared.

The implementation of the MCO had also exacerbated the situation as the restriction order had impeded the construction progress nationwide. During the MCO period, all construction works were halted, apart from those categorized under "critical works", which includes repairs, maintenance and management works. Machineries on-site were immobilized, and workers were instructed to be absent from work, causing on-site construction works to be slowed down or paused affecting the entire project timeline, consequently incurring costs to the developers. Developers were required to comply all legislations and regulations imposed by the Government, not limited to the Government's order to cease all works on-site amidst the pandemic. With the cease of all works on-site, product delivery was delayed, paralyzing property developers' ability to realize their sales (Christopher & Ong, 2020). MCO was lifted on 4 May 2020 to Conditional MCO ("CMCO") where the SOPs were loosened, and it had lasted until 9 June 2020. During this period, most economic sectors and activities were allowed to operate while observing the business SOPs set by the National Security Policy (MKN). When the situation got better with lower number of infection cases, the CMCO had shifted to the more lenient Recovery MCO ("RMCO") on 10 June 2020 onwards until 31 December 2020 (Fan & Cheong, 2020).

The COVID-19 pandemic has severely disrupted the rise of property market, via rising unemployment, diminished property buyers' confidence and instilling fear in property investors (Gascon & Haas, 2020). These impacts had caused property developers to have a slight buffer from unbilled sales to account the short-term impact of the implemented MCO (edgeprop.my, 2020) as well as forcing them to lower their sales target expectations and announcing weaker results in the upcoming quarterly financial reports and hence, affecting the shareholder capital of a company. As a result, Malaysia's construction sector, in 2020, recorded its biggest decline in its GDP growth at -44.5 per cent (Harun & Abdul Razak, 2020). Thus, understanding the actual financial implications of COVID-19 towards the property developers in Malaysia in details that contribute to the negative growth in 2020, studying the measures taken in responding to the unprecedented pandemic and their effectiveness might be valuable inputs for top management of organizations to brace for any similar global pandemic, should it occur again in the future.

The study only focused on public-listed property developers in Malaysia. The focus period of this study was from the fourth quarter of year 2019 to the fourth quarter of year 2020, and as benchmark of companies' performances, financial performances of the past five (5) years were reviewed to study the market and to assess on the performance of the companies prior to COVID-19 pandemic. This study assesses the financial implications of the early stage of COVID-19 to property development companies in Malaysia. The findings on the plan of actions taken and its effectiveness may provide insight to management of similar nature of business on how to maneuver the company in the 'new norm' caused by COVID-19.

Financial Performance and Action Plan

Financial performance is defined as a measure of a company's ability to generate revenue and profit, which may be assessed via its financial statements (Fatihudin et al., 2018). Financial performance measures are put in place to assist the organization's operations from the financial perspective and facilitate in the top management's decision-making activities (Crane, 1998). The financial performance of an organization is usually represented by quantifiable measurements or indicators to monitor, project and forecast its financial health. The commonly used indicators include net income, current ratio, quick ratio, operating cashflow and debt-to-equity ratio (Kenton & Scott, 2021). There were several studies in the past done to assess the financial performance of construction companies. These studies had applied the following tools

Financial Statement Analysis

Financial statement analysis shows the current and future state of financial of companies (Frisdon, 1991). Apart from numbers, analysis is made based on the information from the annual report and takes into account historical and present data. A study concluded that analysis on annual reports assist its readers in comparing performances among companies (Ghazali, 2010). Another study has also deduced that by reading the narrative section of annual reports or financial statements, one could gain knowledge on the performance of an organization (Brown & Whittington, 2007). Moreover, via financial statement analysis, one may comprehend of the firm's current position in the industry and the company's plans for future growth. The annual report also contains information on strategies and how to execute the strategies planned in the coming years (Corporate Finance Institute, n.d.). These are evidence of the importance of financial statement analysis to measure the performance of an organization and what it has planned for the near future.

Financial Ratio Analysis

Financial ratio analysis is favored as an analytical tool in assessing the performance of an organization (Altman, 1968). Generally, the most significant indicators of the performance of a company are profitability ratios, liquidity ratios and solvency ratios (Altman, 1968). However, in studying the performance of construction companies in Malaysia during the times of Global Financial Crisis (GFC), Lai et al (2014) had used several fundamental types of financial ratios, which includes profitability ratio, liquidity ratio, leverage ratio and cash flow ratio. From their study, it was found that these ratios are effective in assessing the financial performance of construction companies at a fair accuracy. During the COVID-19 global crisis, financial ratio analysis had also been applied to gauge the short-term and long-term liquidity risk on 14,245 public-listed companies globally (De Vito & Gomez, 2020).

Altman Z-score Model

Financial ratio analysis had been coupled with the Z-score modelling method in order to gauge the financial performance of construction companies as per Lai et al (2014) to investigate the impact of external economic environments. Prior to their research, similar type of study was conducted to assess financial performance of construction companies in Malaysia in year 2013, which suggests that applying financial ratios analysis and Altman Z-score is useful in determining the financial distress level of a company (Alfan & Zakaria, 2013). Arshad, Iqbal and Omar (2015) had tested the credibility of the Z-score model in companies listed in the Bursa Malaysia and achieved an accuracy of 96% in predicting failing businesses. The Z-score model takes into account a set of financial ratios combined with discriminant analysis to predict bankruptcy. For the Z-score analysis involving construction industry in Malaysia, the score range categorization is as Table 1.

Table 1
Altman Z-scores and its categorization (Altman, 1968)

Z-score	Remarks
Z-score > 2.6	Firm is in the “safe zone” and has a negligible probability of filing a bankruptcy.
1.1 < Z-score < 2.6	Firm is said to be in the “grey zone” and has a moderate chance of bankruptcy
Z-score < 1.1	Firm is in the “distress zone” and has a very high probability of reaching the stage of bankruptcy.

In the midst of the pandemic, top management of companies had implemented actions to ensure business continuity, subsequently to maintain the performance of the organization. According to Nembhard et al (2020), to navigate in the uncertainty and to manage crisis such as COVID-19 well, organization leaders may execute the strategies of putting people first, creatively managing operations, implementing effective communication to encourage teamwork and creating synergies externally. A study in India found that during the pandemic, companies had become more flexible to fulfill the changing customer needs. The flexibility was reflected via the implementation of ‘working from home’, adjusted supply networks, managing operations with minimal resources, close monitoring of working capital and revamped product-portfolio to reap benefits in an ‘essential-only’ market (Bhattacharyya & Thakre, 2020). Operationally, management had also rolled out health-related measures to curb the COVID-19 infection; including but not limited to, temperature checks at entry points, informational posters on COVID-19, wearing of masks, use of hand sanitizers and maintaining physical distancing (Dayour, Adongo, Amuquandoh, & Adam, 2020). Since the COVID-19 is an unfamiliar event to all organizations, current managements point to ways that may assist the company in responding to COVID-19 through creative strategies and tactics.

Methodology

In order to achieve the objectives of the study, a sequential mixed-methods research was implemented as performing mixed-methods results in higher quality of inferences (Tashakkori & Teddlie, 2003). The first study involved two phases: (1) an initial data acquisition (which contain both quantitative and qualitative data) via content analysis; and followed by (2) a qualitative data collection via interview. As such, the quantitative data obtained in (1) are explained in more detail through the qualitative data (Wisdom & Creswell, 2013). The research design is represented in Figure 1 below.

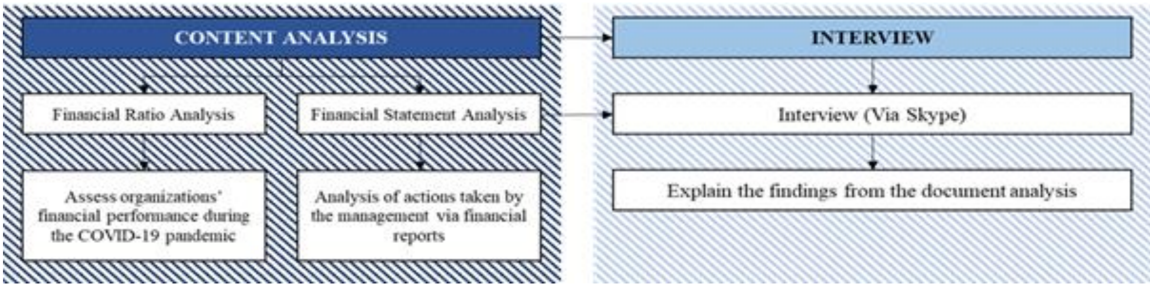


Fig. 1. Sequential Mixed-Methods Research Design

Content Analysis

Content analyses were conducted for thirty (30) public-listed property developers in Malaysia on their quarterly and annual financial reports. Data from quarterly financial reports in year 2020 and annual reports from 2015 to 2019 were obtained as inputs for this study. For the companies studied, they had fulfilled the following criteria namely listed on the Bursa Malaysia five (5) or more years prior to the financial year 2020 and remained active throughout the period of study and majority (more than 50%) of its source of revenue is contributed by construction activities.

They were selected due to their accessibility and availability of information. The quarterly reports followed the quarters: Q1 (January – March 2020); Q2 (April – June 2020); Q3 (July – September 2020); and Q4 (October – December 2020). This was to ensure the performances of the companies were comparable to each other. The financial performance of the companies in the fourth quarter of year 2019 was also taken into account to study the performance during pre-COVID-19 pandemic period. During the data analysis phase, financial ratio analyses were performed to respective companies to investigate the impact of COVID-19 to the financial performance. Following the financial ratio analyses, Altman Z-scores of the companies were calculated and tabulated.

Additionally, financial statement analyses on the quarterly reports and annual reports for year 2020 were performed to study the strategy and actions taken by the management. Subsequently, quarterly financial were compared to each other to investigate on whether the strategy or actions taken, had immediate, unforeseen, little or no impact to the financials of the property developers.

Interview

The interview was arranged and conducted to explain the key findings from the analysis of the financial reports and to gather additional inputs regarding the action taken by property developers throughout the financial year 2020. The interview instrument was designed based on the findings gathered from the content analyses. The interview aimed to explain the financial performance during the pandemic and to provide insights on how the management of property developers responded to the COVID-19 pandemic. The interview was conducted with a property market analyst with ten (10) years of experience; which includes seven (7) years of specialization in monitoring financial performance of property developers in Malaysia. The assumption made was, the property expert has adequate experience and knowledge to explain the trends of developers' financial performance during COVID-19 pandemic. Due to the inability to conduct the interview physically, the one-hour interview took place virtually via Skype. From the interview session, the findings from the content analysis were successfully discussed.

Findings and Discussions

Trend Analysis

The property market was in a downward trend of the property cycle ever since year 2012 (Sohlberg, 2020). The performance had declined due to a number of reasons, namely soft property sales, slow economic growth and the rise in construction cost. Hence, it is also evident in this study since 2015 until 2020, it has shown a declining trend as clearly shown in Figure 2 and 3.

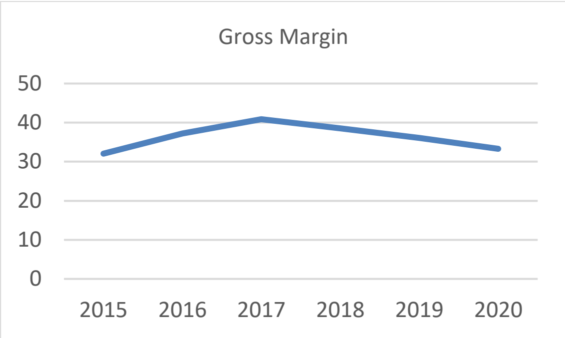


Fig. 2. Gross margin (2015 - 2020)

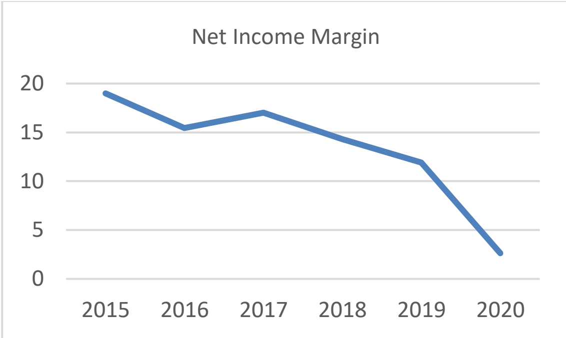


Fig. 3. Net income margin (2015 - 2020)

Profitability Ratio

On quarterly basis, referring to Figure 4 and Figure 5, the justification for the trend was because of the implementation of the MCO in the Q2 2020. During the MCO, property developers were forced to put their development projects on-hold and could not realize any revenue which had led to drop of revenue. However, costs were still incurred for business operations. This was explained by the interviewee as follows

> *"… the developers were not able to work, projects were required to be paused or stopped; and eventually could not realize any revenue which leads to lower income for the company. But then again, the companies did not gain any income, but the business operations still incur cost."*

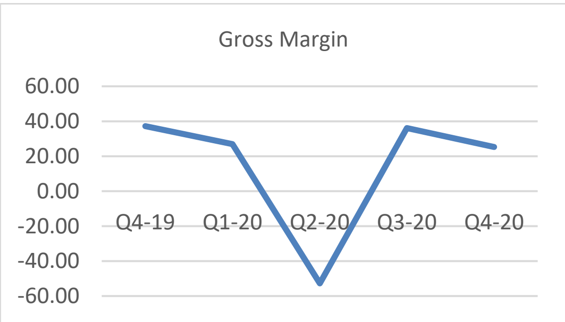


Fig. 4. Gross margin (Quarterly basis)

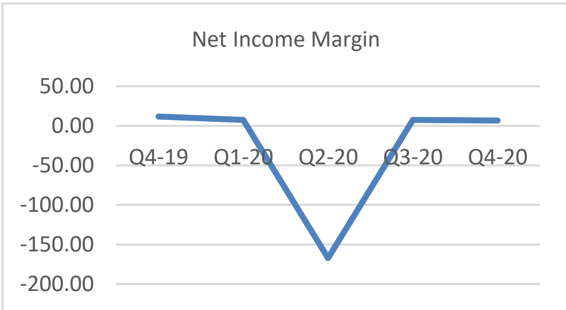


Fig. 5. Net income margin (Quarterly basis)

The gross and net income margins were seen to be increasing again from the Q2 2020 to Q3 2020 due to the loosening or uplifting of the MCO, where the companies were able to resume their operations on 10 June 2020. Apart from the resumption of works, there are several other factors that had contribute to the increase in sales from the property developers, namely measures introduced by the Malaysian Government such as the re-introduction of Home

Ownership Campaign (HOC), exemption of stamp duty, low interest rate environment and more lenient financing requirements (Bank Negara Malaysia, 2020).

Based on Figure 6 and Figure 7, both average ROA and ROE began to decrease in the beginning of year 2020. The values further decreased throughout the remaining quarters in year 2020. Since ROA and ROE is a function of revenue with asset and shareholders' equity respectively, lower net income would mean lower ROA and ROE recorded. Although most property developers had written off impairments to their assets, the main reason for the low ROA was because of the low net income recorded. Similar reasoning for the decreasing ROE throughout year 2020. This was supported by the interviewee's statement of

> *"… it's not because of the assets, it is because of the income. Since lower net income is recorded, thus the ROA shall decrease. But mainly, the decline in ROA was not caused by the asset management but the lower net income." (ROA)*
> *"Again, it has to do more with the revenue rather than the equity." (ROE)*

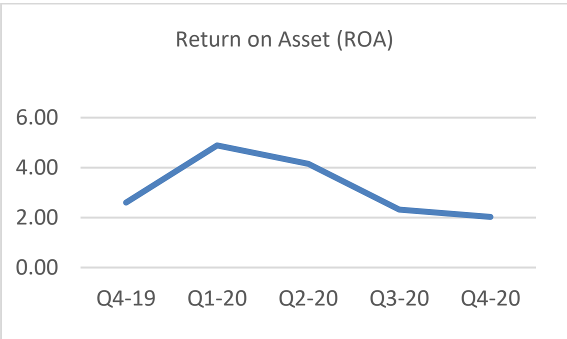


Fig. 6. ROA (Quarterly basis)

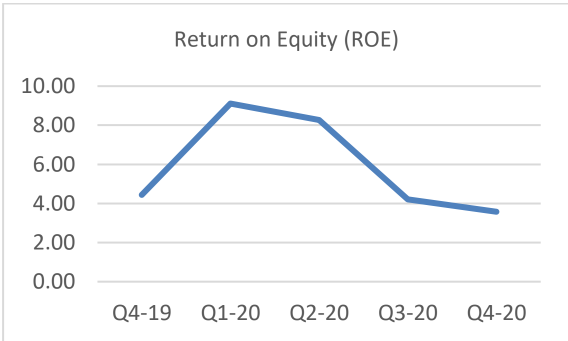


Fig. 7. ROE (Quarterly basis)

Liquidity Ratio

As per Figure 8 and Figure 9, the inference for the trends of the current and quick ratio was that the companies' ability to liquidate their assets and generate cash to pay off its short-term debts was affected by the halted development projects during the MCO implemented in March until June 2020. This was explained by the interviewee:

> *"The companies' liquidity or ability to generate cash to meet its short-term debts has been affected due to the stop-work order during the MCO."*

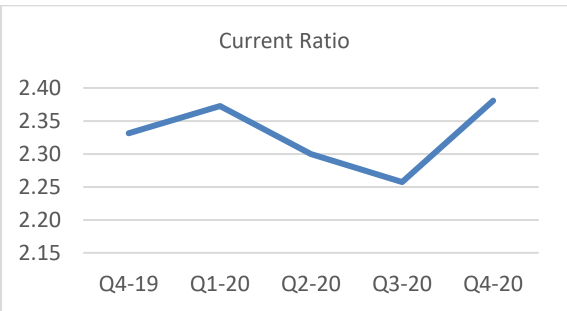


Fig. 8. Current ratio (Quarterly basis)

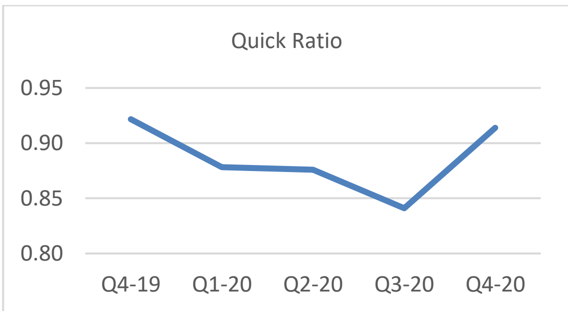


Fig. 9. Quick ratio (Quarterly basis)

Both average ratios were the lowest, in Q3 2020 and then saw an increase to Q4 2020. This is because of concentrated efforts of property developers in liquidating their assets to generate cash. Amongst the property developers that were seen active in disposing their non-strategic assets in year 2020 were Sime Darby Properties Berhad, SP Setia Berhad and Malaysian Resources Corporation Berhad (MRCB).

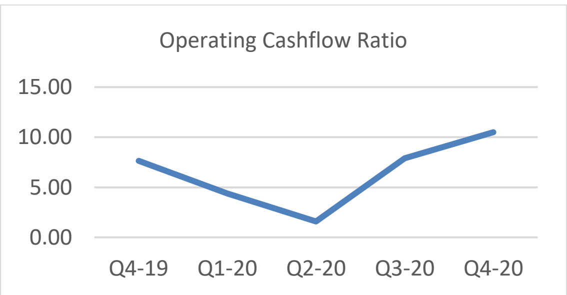
Cashflow Ratio

Operating cashflow ratio refers to ability of the property developers to manage its liabilities using the cash generated from the operations. With reference to Figure 10, during the first half of year 2020, with the implementation of the MCO, property development firms were unable to operate on-site and recognize any sales or revenue, justifying the decrease in the average operating cashflow ratio from Q4 2019 to Q2 2020. Then, when the MCO had been uplifted in June 2020, the average operating cashflow started to increase from the Q2 2020 onwards as they were able to close deals with their buyers and dealt with the bank for financing. The reasons for the increasing in average operating cashflow were because of greater operating activities and the high number of unsold inventories in the books. It can be seen that developers were struggling in unloading their inventories as per the explanation by the interviewee.

> *"After Q2 2020, again, the reason of the increasing trend was because of greater operating activities. The other reason is because of the inventory as well. Because there were many unsold inventories in their books throughout the period. Even not caused by the pandemic, property developers were trying hard to unload their inventories to obtain more cash."*

As for Cashflow-to-Debt ratio, on the other hand, increased from Q2 2020 and decrease again in Q3 2020 as per Figure 11. The interviewee opined that; the reason for the trend was because in Q2 2020, most property developers had managed their debt efficiently. In Q3 2020, the spike in cashflow was due to the ability of property developers to finalize the deals which had been accumulated during the MCO period. The cashflow seemed to be normalized again in Q4 2020 as there was no drastic changes from the previous quarter.

> *"In my opinion, in Q3 2020, the developers had managed to finalize the deals which had been accumulated during the MCO. That's why there was spike in cashflow in Q3 2020. In Q4, the cashflow seemed to be normalized again. In terms of debt, there were not any drastic changes from one quarter to another."*



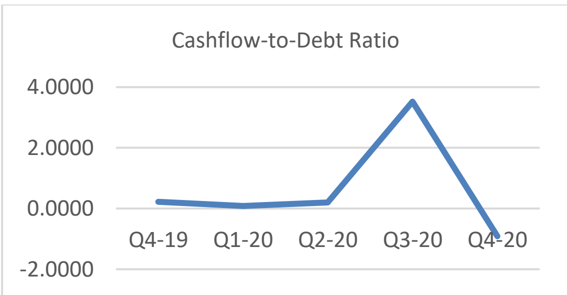
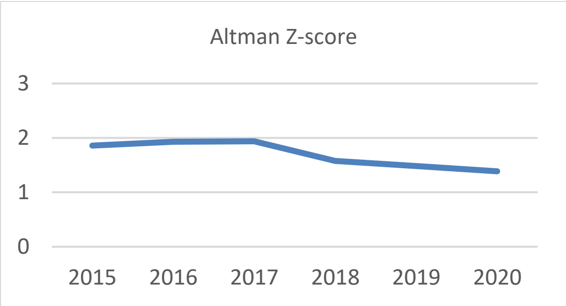


Fig. 10. Operating cashflow ratio (Quarterly basis)   Fig. 11. Cashflow-to-debt ratio (Quarterly basis)

Altman Z-score

Observing the Z-scores on quarterly basis, the average Z-score were still in the range of that on annual basis (Figure 12). As per Figure 13, the average Z-scores hovered between 1.48 to 1.57 from the Q4 2019 to the Q4 2020. In essence, from the Altman z-score calculated, there were no evident indications of the subjects going bankrupt, as the z-scores were in the gray-zone categorization. This is because the subjects has strong and steady financial performance, that it could tolerate the financial implications of COVID-19.



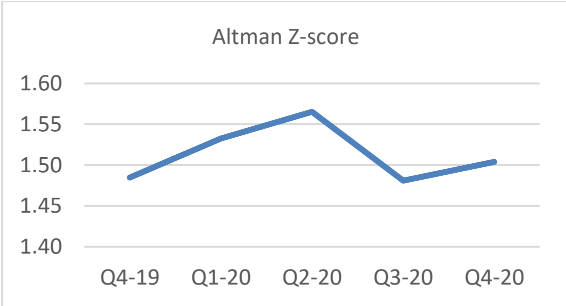


Fig. 12. Operating cashflow ratio (Annual basis) Fig. 13. Cashflow-to-debt ratio (Quarterly basis)

Based on the findings from content analysis and interview conducted, it was observed that property developers were financially impacted by the pandemic, but not to the extent of bankruptcy. From the data obtained, the financial performance of the developers was at the worst in the second quarter of year 2020, in line with the timeline of the implementation of MCO. As MCO was implemented, the interviewee explained the financial performance was impacted due to: (1) inability to conclude sales of properties and (2) on-site projects were halted incurring additional operational costs. However, upon the uplift of the MCO and loosening of the SOPs in June 2020, the developers' financials were seen to be improving from the second half onwards. This was reflective on the profitability ratio and cashflow ratio obtained. Another study had supported the findings as Zamani et al (2020) had deduced in their study that financial and operational impact was inflicted to the developers upon the implementation of MCO by the Malaysian government as an effort to curb the COVID-19 infection. The outcomes from the interview also provided insight on the market condition prior and during COVID-19 pandemic.

Action Impact Analysis

In responding to COVID-19 pandemic and its implication, management of property developers had rolled out plans to (1) ensure business continuity; and (2) maintain / improve financial performance. This section elaborates, in detail, on the common actions taken by the property developers and their effectiveness.

Ensuring Business Continuity

Working from home (WFH) appeared to be one of the best actions taken by the company to ensure their business continues and at the same time, to guarantee the employees' safety. Operationally, the advantages of WFH includes the savings of expenses such as utilities and cleaning services (Silvermann, 2020). The findings on WFH arrangement by employers are tabulated in the Table 2. It was observed that the WFH had positive reception by staffs and positively impacted the mindset of employee. WFH arrangement is also reported to improve staff mental health and resulting in a better work-life balance (Meikeng, 2021). To support this working arrangement, the management had simultaneously embarked on the digitalization journey for better flexibility and agility in performing tasks. The property developers had transformed their ways of working via digitalization.

Table 2
Data on WFH arrangements

Item	Findings	Resource
Number of companies which reported that the management had instructed the WFH order	33%	Based on the financial statement analyses performed in this study
Percentage of employees that had worked from home	44% of survey participants	(Department of Statistics, 2020)
Expectation of increase in productivity via WFH arrangement	74% of survey participants	(UOB, 2021)
Expectation of better work-life via WFH arrangement	81% of survey participants	(UOB, 2021)

Based on the content analyses performed, 53% of the studied property development firms reported that the management had embraced digitalization as part of the organization's culture to ensure optimum business operation. Essential actions involving digitalization and its impacts are tabulated in Table 3. The digital transformation enables the organizations to become more agile and adaptable to respond to the fast-paced challenges of these uncertain times. Based on the results of the digital transformation taken by the property developers' management, it can be deduced that the digitalization transformation was effective and successful in achieving its objective, that is to ensure the execution of essential tasks, despite the operational uncertainties in the COVID-19 pandemic periods.

Table 3
Digitalization and its impacts

Property Developer	Action	Area	Impact
Sime Darby Properties Berhad	Implemented 60% of staff learning and development sessions online	Human Resource	• More than 75% of employee development plans were implemented • Increase of 20% in average learning hours of its staff
SP Setia Berhad	Utilized websites and social medias with the assistance of virtual show units to advertise the products - Setia Virtual-X, Setia's first virtual expo	Sales and marketing	• Garnered revenue amounting to a total GDV of RM1.08 billion
MKH Berhad	Monetized its assets via digitalization	Sales and marketing	• Sold off RM110.7 million worth of inventories

Maintaining / Improving Financial Performance

Due to uncertain market conditions, managements of the property developers had reviewed and strategized their product launches. As part of strategic response to the pandemic, 80% of the subjects had cautiously timed its future project launches in line with the property market sentiment, the pandemic situation as well as the overall economic condition. In order to stay relevant in the market, property developers had revisited the project launch plans to suit the market condition, which was in a recession phase (Hung, 2020). From the financial statement analyses performed, most developers had launched their projects when the situation of COVID-19 alleviated during the RMCO periods. This had given the opportunity for the buyers to visit sales galleries with imposed social distancing SOPs that were set by the Government. The strategic timing had also assisted the property developers in monetizing their bills, as the buyers were able to complete the purchase transaction of the products. This is due to the ability of the purchasers to sign the Sales and Purchase agreement between the property developers through their respective the legal firms. The effectiveness of the strategic launch of projects was reflected in the increase of average gross and net income margin of the property developers in the third and fourth quarter of year 2020.

Additionally, it was observed that 18 out of the 30 subjects had reported that they had reviewed their land banking strategy and continue to do so more frequently to maximize utilization, including monetize selected properties under their portfolios. It is observed that property developers are actively searching for strategic land and property assets in the key growth areas within major cities for the firm's project pipelines. Throughout the year 2020, there were notable transactions involving land sales and acquisitions in Malaysia by the studied property developers. Example of the notable transactions that successfully took place is tabulated in Table 4. Since property development is a long-term process, the impact of the land banking strategy can only be gauged after the land in the portfolio has been developed. However, the deduction that can be made is that land banking is a long-term strategy with the aim to ensure steady cashflow in the future for the property developers (Kania, 2014). Should the lands in the portfolio be undeveloped, the management has the option to liquidate the asset as a source of alternative income by gaining profit through the increased value of property (Yardney, 2021).

Table 4
Transaction deals that took place in year 2020

Property Developer	Transaction Type	Size (Acres)	Location	Value (RM million)
UEM Sunrise	Acquire	11	Kuala Lumpur	170
	Dispose	72	Iskandar Puteri, Johor	434
Tropicana Corporation	Acquire	308	Genting Highlands, Pahang	403
	Dispose	252	Johor Bahru, Johor	248
Paramount Corporation	Acquire	137	Sungai Petani, Kedah	24
	Acquire	Two (2) freehold lands and property	Kuala Lumpur	244
UOA Development	Dispose	UOA Corporate Tower	Bangsar, Kuala Lumpur	700
Guocoland Berhad	Dispose	Menara Guoco	Damansara Heights, Kuala Lumpur	242

Most of the subjects' management had concentrated their efforts in reducing completed inventories rather than launching new properties. SP Setia, in its annual report, explained that the rationale of the emphasis was to cut down on the promotional activity's costs associated with new launches, thus averting any unnecessary capital outlay, and to monetize existing assets to maintain positive cash flow. There were various marketing campaigns conducted to assist in the efforts of clearing the property developers' inventories. Among the campaign launched by the property developers are as tabulated in Table 5. The clearing of inventories was further eased by the re-introduction of Home Ownership Campaign (HOC) under the National Economy Recovery Plan (PENJANA). The HOC had driven sales of properties in tandem with market demands. Similarly, the effectiveness of clearing the inventories was reflected in the profitability ratios during Q3 and Q4 2020. The average gross and net income margin recorded growth of 168% and 104% respectively from Q2 2020; proving that the marketing campaigns coupled with incentives and encouragements from the Government was successful in boosting sales of properties.

Table 5
Marketing campaign by developers and their impact

Property Developer	Marketing Campaign	Campaign	Impact
Mah Sing	Home with Mah Sing	• Offering payment-free terms for up to 4 years as well as other incentives	Recorded sales of RM847.1 million in the first 3 quarters in 2020
	Eazy to Own	• Target buyers who are undecided or those who are not able to obtain conventional loans • Working with Maybank Islamic to offer the HouzKeY loan which is an alternative financing scheme to provide buyers with easy entry of up to 100% financing and lower monthly instalments.	
SP Setia Berhad	Stay Home, Stay Setia	• Digital platform to reach buyers and facilitate buying process	Reduction in inventories from RM1.46 billion to RM1.09 billion from its books
	Setia Now	• Targeted to home-buyers looking to upgrade or own their first home • Offers at up to 48% rebates from the selling price • Waivers on booking fees, down payment and legal fees as well as free Memorandum of Transfer (MOT)	
UEM Sunrise Berhad	The Happy Chase	• Offers booking fees from as low as RM1, • Waiver on sales and purchase agreement and loan legal fees • Goodies include subsidized maintenance fees for up to two years, free kitchen cabinets and home appliances for selected participating projects	Achieved RM400 million in sales and bookings in just less than two months after the launch of its marketing campaign, 'The Happy Chase', in 3Q of 2020

In essence, this study has provided useful information to Malaysia's property development companies particularly in handling unexpected scenarios like COVID-19 pandemic to ensure business continuity in the current VUCA (volatile, uncertain, complex and ambiguous) world. The study has its limitations. Firstly, this study was restricted to only certain property developers namely the top property developers with highest market capitalization (ranging from RM350 million to RM4.5 billion as at December 2020) due to their availability of data and information. Therefore, COVID-19 financial implications on these companies might be less significant as compared to those smaller developers because as bigger players in the industry, they would be able to survive for their strong financial performance and support from their respective shareholders. However, for the smaller property developers with poor performance, the implications posed by COVID-19 may cause them to be financially distressed, subsequently facing bankruptcy (Poh, 2020). It is proposed that the study may be reconducted once the pandemic is over to gauge on the overall impact of the COVID-19 pandemic, with the inclusion of the smaller property developers in Malaysia.

Conclusions

COVID-19 pandemic seems to have some financial impacts of the property developers which includes profitability and cashflow ratios of the property developers in year 2020, especially in the second quarter. However, the financial performance was viewed to be back to normal in the third quarter onwards. This was, due to the uplift and loosening of the MCO; as developers were allowed to operate their business with certain SOPs to adhere. Prior to COVID-19 pandemic, Altman Z-scores of the property developers were already observed to be in the “grey zone” and the average Z-scores were not greatly affected in year 2020, which suggests that the property developers were not financially distressed and only has a moderate probability to go bankrupt. In a nutshell, the bigger players in the industry were not critically affected for their strong financial performance and support from their shareholders. Throughout the stages of MCO, the management had taken measures to ensure optimum operations and minimize the financial impact of the COVID-19. The actions rolled out to cushion the impact of COVID-19 to the organizations’ operations and financials were deemed effective. The effectiveness was reflected in the financial performance of the companies, whereby the performance had improved upon the uplift of MCO. Despite its limitations, this study has provided significant information particularly on actions to ensure the operability of property developers industry during uncertain situation.

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