Sunland Group Limited
Appendix 4D
Half-year report

Sunland Group ESTABLISHED 1983

1. Company details

Name of entity:	Sunland Group Limited
ABN:	65 063 429 532
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

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2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	218.4%	to	201,401
Profit from ordinary activities after tax attributable to the shareholders of Sunland Group Limited	up	85.5%	to	17,365
Profit for the half-year attributable to the shareholders of Sunland Group Limited	up	85.5%	to	17,365

Earnings per share (EPS)

	31 December 2020 Cents	31 December 2019 Cents
Basic earnings per share	12.7	6.9
Diluted earnings per share	12.7	6.9

Dividend information

To be paid:

	Amount per security Cents	Franked amount per security Cents
Interim dividend declared 24 February 2021 fully franked at 30%	8.0	8.0
Special dividend declared 24 February 2021 fully franked at 30%	22.0	22.0

Ex-dividend date	2 March 2021
Record date for determining entitlement to the dividend	3 March 2021
Dividend payment date	18 March 2021

Paid this period:

	Amount per security Cents	Franked amount per security Cents
FY20 final dividend paid 18 September 2020 fully franked at 30%	7.0	7.0
Special dividend paid 18 September fully franked at 30%	3.0	3.0

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3. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
8500 Pty Ltd	-	25%	-	-
Capital Crt Pty Ltd	-	25%	-	-
Varsity Development Trust	-	25%	-	-

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Sunland Group Limited

ABN 65 063 429 532

Consolidated interim financial report for the half year ended - 31 December 2020

The Directors present their report together with the financial report of Sunland Group Limited and its controlled entities (Sunland or the Group), for the half-year ended 31 December 2020 ("1H21") and the independent review report thereon.

Comparative results are referenced through the Directors' Report as "1H20" for the half-year ended 31 December 2019; and "2020" being for the year ended 30 June 2020.

Directors

The names and details of the Company's Directors in office during the half-year and until the date of this report are listed below. Directors were in the office for the entire period unless otherwise stated.

Mr Soheil Abedian, Executive Chairman
Mr Sahba Abedian, Managing Director
Mr Ron Eames, Non Executive Director
Mr Chris Freeman AM, Non Executive Director
Ms Rebecca Frizelle, Non Executive Director
Mr Vahid Saberi, Non Executive Director

Principal activities

Sunland Group Limited is a company limited by shares that is incorporated and domiciled in Australia. The principal activities of the consolidated entity are residential property development and construction. The Group conducts these activities through its two core business segments of "Residential Housing and Urban Development" and "Multi-Storey" developments. The Residential Housing and Urban Development segment comprises medium-density integrated housing developments and land subdivision. The Multi-Storey segment comprises medium-rise apartment projects generally between five and 15 storeys, and high-rise developments above 15 storeys.

The delivery of Sunland's projects is completed by specialist in-house teams experienced in land acquisition and project feasibility analysis, design, project management, construction, and sales and marketing. The vertically integrated structure of the Group ensures the efficient delivery and management of external parties who may also be engaged in the delivery of projects to achieve Sunland's desired project returns.

There was no significant change in the principal activities of the Group.

Consolidated result

The consolidated profit after tax for the half-year attributable to members of Sunland Group Limited was $17.4 million (1H20: $9.4 million).

The period sees the commencement of Sunland Group's Strategic Plan announced to the market 20 October 2020. The Group proposes to sell certain inventory which is not currently under development, and complete the development of certain other projects, with the intention of converting assets to cash, repay all liabilities, and return net asset value to shareholders, subject to market conditions, financiers' satisfaction and regulatory and legislative requirements (the Strategy).

Progress of the Strategy has been assisted by the buoyant market conditions being experienced in those locations where Sunland has been developing its projects. Settlements of completed product primarily located in South East Queensland have contributed to revenue and together with settlements of other inventory, has generated a significant cashflow over the last six months. The cash generated by the Group has reduced debt under the working capital lines and enabled the Directors to declare a fully franked interim dividend of 8 cents per share, plus a significant special dividend of 22 cents per share. This distribution to shareholders assists in achieving the Strategy's objective of returning net asset value of $2.56 per share as estimated in the ASX Announcement referred to above. The interim and special dividends will bring the value of fully franked dividend distributions paid to date during this financial year to 40 cents per share.

Operational and financial review

Operating and Financial Highlights

• Statutory Net profit after tax of $17.4 million (1H20 $9.4 million)
• Earnings per share of 13.0 cents (1H 2020: 7 cents)[1]
• Net tangible assets per share of $2.59 (2020: $2.56)[1]
• Strategic Plan announced with the objective of returning estimated net assets of $2.56 per share
• Fully franked interim and special dividends totalling 30 cents per shared declared by the Board
• Sale of development sites at Marine Pde Greenmount and Carrum Downs totalling $29.8 million announced
• Sale of Greenmount Hotel site for $42.3 million recently announced
• Above sales are scheduled to settle through FY2022 once conditions, where applicable, have been satisfied
• Strong cash flow from property settlements totalling $198.6 million (1H20: $55.8 million)
• The Group achieved a 23% development margin, exceeding the targeted 20% return on costs
• Gearing is 28% debt to assets and 43% debt to equity

[1] Based on consolidated issued shares at the end of the period

Group Development Portfolio

Management have identified projects within the Group’s development portfolio as “Active” development activities and “New” development activities, each of which are to be delivered by the Group; and “Undeveloped Projects” which are earmarked for sale. This has assisted in focusing on the delivery of the Strategy and identifying capital requirements to develop and complete those projects identified as Active and New projects. The Active and New development activities currently represent 71% of the Group’s inventory value.

Sunland has 12 Active projects in Queensland and New South Wales as at the balance date. These projects include land, housing and multi-storey projects at various points in their delivery cycle. Projects including The Heights, Arbour Residences, Magnoli Apartments, Marina Concourse, The Hills Residences and Kirkdale Residences, (QLD); and Maraylya (NSW), have contributed to revenue during this period. All these projects are now completed and the balance unsold stock will be sold in the usual course. Other Active projects which are under development include The Lanes Residences – East Village (stage 1), 272 Hedges Avenue (QLD) and Montaine Residences (NSW).

New development activities currently in the design and approval stage include The Lanes Residences – West Village (stage 2), Lanes Retail and Kenmore (QLD).

Some of the Undeveloped Projects have been marketed and sold during this period as part of the Strategy. Unconditional sales include Lanes Childcare, three commercial lots at the Heights, Marine Parade Labrador (QLD); and Carrum Downs (VIC). The net proceeds of these unconditional contracts total $43.4 million and will generate approximately $5.6 million profit after tax. These contracts are scheduled to settle over the next 15 months.

Conditional sales of other Undeveloped Projects have also been achieved. Details of the Marine Parade Greenmount and Greenmount Hotel (QLD) sites have been announced to the market. Other sales include a commercial site at Bushland Beach and a residential site at The Lanes (QLD). Net proceeds of these conditional sales, should they occur, is estimated to be approximately $67.8 million. The latter two contracts carry various conditions, including certain development approvals and access arrangements, and management is working with these buyers to fulfill the respective contract conditions.

New Projects currently in the pipeline to be delivered under the Strategy include a land subdivision at Kenmore, stage 2 Lanes Residences West Village and Lanes Retail (QLD).

Group operating activities

Development activities

Sunland's development activities provided strong earnings in this half year period with the completion of various housing and mid-rise projects. This will result in the bulk of settlements for the financial year weighted to the first half. Contributing to development revenue in this period was the settlement of the Mariners Cove site for $28.0 million.

The Group remains focused on first home buyers and also the downsizer market amid the continued higher demand for good quality apartment living. The low interest rates and relaxation of prudential regulation to encourage bank lending has seen an increase in purchasers' borrowing capacity. The low interest rate environment has also renewed investors' appetite for property investment exposure. The rental market remains buoyant in areas where Sunland is selling which mitigates the investment property risks for those investors. Sunland has also focused on owner occupier designed product for a number of years and this has seen sustained demand over the recent difficult period experienced across most markets during the COVID-19 pandemic. Contracted unconditional presales for projects released across the development portfolio total 261 lots as at 31 December 2020 with a combined value of $323.1 million.

The Group settled 313 lots (1H20: 84) during the period which generated $198.6 million (1H20: $55.8 million) in property sales revenue. The bulk of settlements occurred for medium-rise apartment projects at Marina Concourse and Magnoli (QLD). Apartments are nearly all sold out and the settlements for the residual stock will continue to settle through the second half of the financial year. Multi-storey projects under construction include 272 Hedges Avenue (high-rise) and The Lanes Residences East Village which is the first stage of the northern precinct of this development site. Plans are being finalised for the launch of stage 2 Lanes Residences West Village and the Lanes Retail which will be located between the two residential complexes. The balance multi-storey sites are expected to be made available for sale under the Group's current Strategy.

The Residential Housing and Urban Development segment generated revenues through settlements at The Heights, Arbour Residences, The Hills Residences, Kirkdale Residences (QLD); and Maraylya (NSW).

The Group exceeded its targeted development margin of 20%, with a return on cost for the period of 23% across its residential development portfolio (excludes marketing costs, which are expensed ahead of recognising revenue - refer segment report for further explanation). The Multi-Storey segment returned 31%, boosted by the sale of Mariners Cove and a favourable development return for Magnoli. The Residential Housing and Urban Development segment achieved a return below target due mainly to additional time in delivering The Hills Residences in Brisbane which is now complete.

Other group activities

Other revenues include net holding incomes generated by various sites until approvals are granted and development commences. These include Mariner's Cove which is now sold and Greenmount Hotel which despite its operations being affected by the COVID-19 pandemic, performed satisfactorily during this time, generating sufficient revenues to cover the property's holding costs. Investment properties held by the Group were also affected by the COVID-19 pandemic with, rental relief provided to those tenants that qualified under the rental relief schemes. This revenue is, however, a small proportion of the Group's activities.

The Royal Pines Marina is occupied by Sunland's Gold Coast office, as well as other retail and commercial tenants generating annual net revenue of some $0.3 million. The Group has agreed to build a childcare centre on this land for a childcare operator to lease space that will have capacity for some 100 children. In addition, the Group is relocating to a smaller commercial space in this complex and leased its current office space to another external tenant. These initiatives will greatly enhance the revenue and value of the asset.

In respect to the Group's other commercial/retail site at the Lanes, a development application to deliver approximately 7,500 square metres of retail and commercial space has been submitted and once approved and delivered, will potentially increase the value of the overall development land at The Lakes precinct. The preleasing program has commenced for this retail development undertaking.

Capital management

The effective delivery of Sunland's Strategy is reliant on the continued availability and efficient management of the Group's debt lines, together with appropriate timing for the return of capital to shareholders. This will ensure the Group retains capacity to manage development risks associated with the Active Projects and the New Projects to be undertaken. It is expected these projects will be delivered over the course of the next two years, although development approvals, market risks and programmed completion may affect this expected time frame. Directors will continue to allocate funds generated by the Group's development activities for working capital, project delivery, repayment of liabilities, and for returning net asset value to shareholders.

Following an assessment of the Group's capital requirements and debt facilities for ongoing activities, Directors have declared an interim dividend of 8 cents per share and a special dividend of 22 cents per share reflecting the surplus capital that can be returned to shareholders in accordance with the Strategy. Both dividends will be fully franked.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors Reports) Instrument 2016/191. In accordance with this legislative instrument, amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The Directors received the following declaration from the auditor of Sunland Group Limited and forms part of the Directors' Report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Sahba Abedian
Director

24 February 2021

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DECLARATION OF INDEPENDENCE BY CAMERON HENRY TO THE DIRECTORS OF SUNLAND GROUP LIMITED

As lead auditor for the review of Sunland Group Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sunland Group Limited and the entities it controlled during the period.

Cameron Henry
Director

BDO Audit Pty Ltd

Brisbane, 24 February 2021

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	Note	Consolidated 31 December 2020 $'000	Consolidated 31 December 2019 $'000
Revenue			
Revenue from the sale of properties		198,608	55,766
Other revenue from operations	4	1,843	1,249
Other income / (expense)	5	950	6,242
Expenses			
Cost of goods sold - property developments	6	(168,015)	(42,509)
Administration and other expenses		(1,687)	(2,163)
Cost of other operations		(322)	(689)
Employee benefits expense		(5,304)	(5,512)
Depreciation and amortisation expense		(1,039)	(1,117)
Profit before income tax expense		25,034	11,267
Income tax expense		(7,669)	(1,905)
Profit after income tax expense for the half-year attributable to the shareholders of Sunland Group Limited		17,365	9,362
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the shareholders of Sunland Group Limited		17,365	9,362
		Cents	**Cents**
Basic earnings per share		12.7	6.9
Diluted earnings per share		12.7	6.9

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Sunland Group Limited
Consolidated statement of financial position
As at 31 December 2020

Sunland Group
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	Note	Consolidated 31 December 2020 $'000	30 June 2020 $'000
Assets			
Current assets			
Cash and cash equivalents		40,184	13,056
Trade and other receivables		7,988	10,167
Inventories		244,922	232,469
Derivative financial instruments		-	566
Other current assets		964	1,915
Total current assets		294,058	258,173
Non-current assets			
Inventories		214,442	290,220
Investment properties		17,647	15,111
Property, plant and equipment		5,844	9,680
Right-of-use assets		1,332	788
Total non-current assets		239,265	315,799
Total assets		533,323	573,972
Liabilities			
Current liabilities			
Trade and other payables		13,136	18,352
Interest bearing liabilities		-	5,997
Current tax liabilities		5,830	4,031
Provisions		2,777	3,296
Other current liabilities		2,342	610
Total current liabilities		24,085	32,286
Non-current liabilities			
Interest bearing liabilities		149,911	182,274
Deferred tax		12,320	16,752
Provisions		335	335
Other non-current liabilities		1,525	537
Total non-current liabilities		164,091	199,898
Total liabilities		188,176	232,184
Net assets		345,147	341,788
Equity			
Contributed equity	8	123,195	123,510
Retained earnings		221,952	218,278
Total equity		345,147	341,788

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Sunland Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

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Consolidated	Contributed equity $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2019	130,102	221,484	351,586
Profit after income tax expense for the half-year	-	9,362	9,362
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	9,362	9,362
Transactions with shareholders in their capacity as shareholders:			
Share buy-back	(6,521)	-	(6,521)
Dividends paid (note 6)	-	(5,639)	(5,639)
Balance at 31 December 2019	123,581	225,207	348,788

Consolidated	Contributed equity $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2020	123,510	218,278	341,788
Profit after income tax expense for the half-year	-	17,365	17,365
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	17,365	17,365
Transactions with shareholders in their capacity as shareholders:			
Purchases of treasury shares	(315)	-	(315)
Dividends paid (note 6)	-	(13,691)	(13,691)
Balance at 31 December 2020	123,195	221,952	345,147

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Sunland Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

Sunland Group ESTABLISHED 1983

	Note	Consolidated 31 December 2020 $'000	31 December 2019 $'000
Cash flows from operating activities			
Cash receipts from operations		212,446	60,978
Cash payments to suppliers and employees		(118,512)	(115,009)
Interest received		58	181
Interest and other finance costs paid		(4,344)	(7,946)
Income taxes paid		(10,302)	(6,413)
Net cash from/(used in) operating activities		79,346	(68,209)
Cash flows from investing activities			
Cash paid on acquisition of property, plant and equipment		(61)	(794)
Payments for construction of investment properties		(2,553)	(733)
Proceeds from disposal of property, plant and equipment and investment properties		2,913	19,637
Proceeds from sale of financial instruments		316	368
Net cash from investing activities		615	18,478
Cash flows from financing activities			
Proceeds from borrowings		23,992	56,434
Purchase of shares through share buy-back		-	(6,521)
Dividends paid to company's shareholders	7	(13,691)	(5,639)
Repayment of borrowings		(62,819)	-
Purchases of treasury shares		(315)	-
Net cash from/(used in) financing activities		(52,833)	44,274
Net increase/(decrease) in cash and cash equivalents		27,128	(5,457)
Cash and cash equivalents at the beginning of the financial half-year		13,056	19,803
Cash and cash equivalents at the end of the financial half-year		40,184	14,346

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Segment information

31 December 2020

	Land & Housing $'000	Multistorey $'000	Other $'000	Total $'000
Revenue				
Revenue recognised from operations	80,539	118,068	965	199,572
Development costs incurred in delivery				
Finance costs expensed	(3,158)	(4,781)	-	(7,939)
Other development costs expensed	(67,951)	(85,328)	(1,089)	(154,368)
Total development costs	(71,109)	(90,109)	(1,089)	(162,307)
Segment result - development return				
Return on development costs	9,430	27,959	(124)	37,265
Return on costs	13%	31%		

Overall return for combined development operations 23%

	Land & Housing $'000	Multistorey $'000	Other $'000	Total $'000
Other transactions during the year				
Marketing	(862)	(851)	(26)	(1,739)
Inventory net realisable value adjustments	(461)	(4,257)	-	(4,718)
Warranties adjustments	(296)	(44)	-	(340)
Interest received				58
Gain on disposal of investment properties				950
Unallocated corporate expenses				(6,442)
Profit before tax				25,034
Income tax expense				(7,669)
Net profit for the year				17,365
Assets				
Segment assets	131,099	328,265	20,135	479,499
Unallocated corporate assets				54,139
Consolidated total assets	131,099	328,265	20,135	533,638

Note 1. Segment information (continued)

31 December 2019

	Land & Housing $'000	Multistorey $'000	Other $'000	Total $'000
Revenue				
Revenue recognised from operations	50,533	5,233	1,068	56,834
Development costs incurred in delivery				
Finance costs expensed	(1,932)	(114)	-	(2,046)
Other development costs expensed	(32,897)	(5,010)	(1,436)	(39,343)
Total development costs	(34,829)	(5,124)	(1,436)	(41,389)
Segment result - development return				
Return on development costs	15,704	109	(368)	15,445
Return on costs	45%	2%		
Overall return for combined development operations 40%				
Other transactions during the year				
Marketing	(626)	(841)	(2)	(1,469)
Inventory net realisable value adjustments	(508)	(263)	-	(771)
Warranties adjustments	(303)	(12)	-	(315)
Interest received				181
Gain on disposal of investment properties				6,242
Unallocated corporate expenses				(8,046)
Profit before tax				11,267
Income tax expense (a)				(1,905)
Net profit for the year				9,362
Assets				
Segment assets	206,662	311,459	20,214	538,335
Unallocated corporate assets				38,141
Consolidated total assets	206,662	311,459	20,214	576,476

(a) Income tax expense
Income tax expense for the period reflects the utilisation of capital losses on the sale of The Lakes retail.

Note 1. Segment information (continued)

The consolidated entity comprises the following main segments:

• Land and Housing - development and sale of land (urban development), medium density housing products and project services;
• Multistorey - development and sale of medium rise projects (generally between five and fifteen stories) and high rise projects (above fifteen stories); and
• Other - Operating results from investment properties and net holding income

Management approaches and manages project acquisitions and feasibilities using primarily a "return on cost" methodology with a target of 20% return on development costs. Development costs include land, consultants, construction costs, statutory charges and finance costs required to deliver the project. These costs are capitalised for accounting and expensed as revenue is generated through the settlements of a project as it is progressively completed, usually on a staged basis.

Marketing costs are managed separately and are generally expensed for accounting, ahead of recognising revenue from a project. This can distort the reported return on projects and each segment, particularly where projects (which are mostly staged) are delivered over multiple reporting periods. Operating segment disclosures therefore separate marketing and other one off costs expensed during a reporting period in order to assess the consistency of returns on development costs associated with the projects and each segment.

Unallocated corporate expenses are generally corporate overhead costs being employee benefits and administration expenses that are not directly attributable to the operating segments.

Note 2. Corporate information

These interim financial statements are of the consolidated entity consisting of Sunland Group Limited and its controlled entities (the Group) and are presented in Australian dollars.

Sunland Group Limited is a company limited by shares, incorporated and domiciled in Australia. The Group's principal activities are residential property development and construction. Its registered office and principal place of business is:

140A Alice Street
Brisbane Qld 4000

Note 3. Basis of preparation of the half-year financial report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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Note 4. Other revenue from operations

	Consolidated	
	31 December 2020 $'000	31 December 2019 $'000
Investment property revenue (a)	251	339
Holding income (b)	256	578
Interest received	58	181
Other revenue	1,278	151
	1,843	1,249

(a) Investment property revenue

Investment property revenue represents the gross revenue generated by rental and operating activities from properties intended to be held as investments for ongoing, non-development revenue

(b) Holding income

Holding income represents the net returns generated by pre-existing rental and operating activities from acquired inventory whilst development approvals are being sought and before construction commences on the site.

Note 5. Other income / (expense)

	Consolidated	
	31 December 2020 $'000	31 December 2019 $'000
Gain / (Loss) on disposal of investment properties	-	6,296
Gain / (Loss) on disposal of property, plant & equipment	950	(54)
	950	6,242

Note 6. Cost of goods sold - property developments

	Consolidated	
	31 December 2020 $'000	31 December 2019 $'000
Costs of goods sold - property developments	155,358	39,960
Cost of goods sold - net realisable value adjustment (a)	4,718	503
Finance costs	7,939	2,046
	168,015	42,509

(a) The net realisable value adjustment predominantly relates to Marine Parade, Labrador and reflects the Group's strategy announced in October 2020 to sell non-development assets and return capital to shareholders.

Note 7. Equity - Dividends

Dividends paid during the financial half-year were as follows:

	31 December 2020 Cents per share	31 December 2020 $'000	31 December 2019 Cents per share	31 December 2019 $'000
Ordinary shares				
Final fully franked dividend for the previous financial year	7	9,584	4	5,639
Special fully franked dividend	3	4,107	-	-

On 24 February 2021 the directors declared an interim dividend of 8 cents per share (1H 2020: Nil), and a special dividend of 22 cents per share (1H 2020: Nil), both fully franked at a rate of 30%. The total estimated distribution of $41,072,855 (1H 2020: Nil) is based on the number of shares outstanding (including treasury shares) as at the date of issue of these financial statements.

Note 8. Equity - Contributed equity

	Consolidated			
	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 $'000	30 June 2020 $'000
Share capital	136,909,515	136,909,515	129,460	129,460
Treasury shares	(3,648,836)	(3,500,000)	(6,265)	(5,950)
	133,260,679	133,409,515	123,195	123,510

Share buy-back
During the prior half-year, the Group purchased and cancelled 4,067,671 ordinary shares on market at an average price per share of $1.60. The share buyback was completed during the prior half-year and no further share buybacks have been undertaken during the half-year.

Net tangible assets

	31 December 2020 Cents	30 June 2020 Cents
Net tangible assets per ordinary security	259	256

Note 9. Financing arrangements

The Group had access to the following borrowing facilities at the end of the reporting period. The facilities have been split into “working capital” facilities, “project specific" facilities, "corporate” facilities and "unsecured notes". The working capital facilities are available to the Group on a come and go basis. The undrawn amount of the project specific facilities are available progressively for the purpose of delivering the projects they are funding:

Note 9. Financing arrangements (continued)

	Consolidated 31 December 2020 $'000	Consolidated 30 June 2020 $'000
Working capital facilities		
Working capital facilities available (a)	212,200	212,200
Facilities utilised at balance date	(13,200)	(70,019)
Bank guarantees	(1,780)	(2,238)
Available working capital facilities not utilised at balance date	197,220	139,943
Project specific facilities		
Project specific facilities available (b)	135,000	141,000
Facilities utilised at balance date	(39,992)	(22,000)
Available project specific facilities not utilised at balance date	95,008	119,000
Corporate facilities		
Corporate facilities available (a)	50,000	50,000
Facilities utilised at balance date	(50,000)	(50,000)
Available corporate facilities not utilised at balance date	-	-
Unsecured notes		
Unsecured notes available (c)	50,000	50,000
Facilities utilised at balance date	(50,000)	(50,000)
Available unsecured notes not utilised at balance date	-	-

The variance between the facilities utilised at balance date and the carrying value of bank loans is attributable to the inclusion of pre-paid borrowing costs in the carrying value of interest bearing bank loans under the effective interest method.

With the exception of interest rate derivatives that have been held in previous years to manage interest rate risk, the Group does not hold any financial instruments that are measured at fair value. The fair value of cash, trade and other payables and trade and other receivables approximate their carrying values, largely due to the short-term maturities of these instruments.

(a) Working capital and corporate facilities available
Subsequent to the end of the half-year the Group re-negotiated the terms of its working capital and corporate facilities to better align its financing arrangements with the Group strategy announced in October 2020. Under the new terms the Corporate facility will be repaid and closed, with the working capital facility limit increased to $236.0m.

(b) Project specific facilities available
During the previous half-year an additional facility of $135,000,000 was made available under the Group's project specific facilities to fund the development of 272 Hedges Avenue. The facility is available on a progressive basis as the project is developed and repayable on commencement of settlements until repaid. The facility is based on a variable interest rate.

During the half-year the Group repaid its $6.0m project specific facility that was made available to fund the development of Mariners Cove after the Group sold the site in September 2020.

Note 9. Financing arrangements (continued)

(c) Unsecured notes available
In October 2019, the Group completed the exchange of its unsecured notes for unsecured notes with a 5 year term at a fixed rate of 6.2%, with interest payable quarterly.

At 30 June 2019 key management personnel held $5.18m in the unsecured notes. Subsequent to the exchange of unsecured notes, and as at 31 December 2020, key management personnel hold $8.7m in the unsecured notes (1H20: $8.7m).

The terms and conditions of this related party transaction were the same as those of the other note holders.

Note 10. Related party transactions

On 28 January 2021 the Group announced on the ASX it has accepted a bid from a company associated with two KMPs to sell the Greenmount Hotel site for $42.3m following a public expression of interest campaign. The bid is conditional on:

• Terms of a contract acceptable to the buyer and seller,
• Registration of the title to the land subject to the bid,
• Sunland obtaining all necessary third party, regulatory and / or shareholder approvals, and
• Receipt by Sunland of an independent expert's report which is acceptable to Sunland and Sunland's independent directors.

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In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Sahba Abedian
Director

24 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sunland Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sunland Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Cameron Henry

Director

Brisbane, 24 February 2021