

# Sunland Group

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The Manager  
Company Announcements  
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## SUNLAND GROUP ANNOUNCES FY21 HALF YEAR RESULTS

Sunland Group Limited (ASX: SDG) today announced a profit after tax for the half year of \$17.4 million.

The period sees the commencement of Sunland Group's Strategic Plan announced to the market 20 October 2020 where the Group intends 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).

Operating and financial highlights for the period are detailed below:

- Statutory Net profit after tax of \$17.4 million (1H20: \$9.4 million)
- Earnings per share of 13 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 net assets estimated at \$2.56 per share
- Fully franked interim and special dividends totalling 30 cents per share to be paid 18 March 2021
- Sale of development sites at Marine Pde Greenmount and Carrum Downs totalling \$29.8 million was 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 target 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

Progress of the Strategy has been assisted by buoyant market conditions. Settlements of completed projects primarily located in South East Queensland have contributed to revenue and together with settlements of other inventory, have generated a significant cashflow over the reporting period. 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.

Managing Director, Mr Sahba Abedian said "These dividend payments, together with the FY20 final dividend paid in September 2020, will bring the value of fully franked dividend distributions paid to date during this financial year to 40 cents per share. This contributes greatly towards achieving the Strategy's objective of returning a net asset value of \$2.56 per share as estimated in the ASX Announcement" (referred to above).

### 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

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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” explained Mr Abedian.

Active 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. Construction on all of these projects is now complete and the balance of 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) and Kenmore (QLD). The Lanes Retail precinct recently received development approval and construction will commence following a preleasing campaign for the 7,500 sqm of retail and commercial space that will be available.

A number 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.

## Capital Management

Mr Abedian said “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”. Directors 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” said Mr Abedian, and “funds generated will be allocated appropriately for working capital, project delivery, repayment of liabilities, and for returning net asset value to shareholders”.

This announcement has been authorised by the Board.

Yours faithfully,



**Grant Harrison**  
**Company Secretary**