

HALF YEAR RESULTS 2021

(TO BE READ IN CONJUNCTION WITH THE GROUP'S INTERIM FINANCIAL REPORT)

Sunland Group

GROUP RESULTS AND OPERATIONAL HIGHLIGHTS

COMPLETION OF VARIOUS PROJECTS GENERATED A HIGH LEVEL OF SETTLEMENTS WEIGHTED TO THE FIRST HALF

- › Statutory Net Profit After Tax of \$17.4 million (1H20: \$9.4 million).
- › Earnings per share 13 cents¹ (1H20: 7 cents)
- › Total value of fully franked dividends 30cps comprising (1H20: Nil):
 - Interim dividend 8cps payable 18 March 2021
 - Special dividend 22cps payable 18 March 2021
- › 380 sales and 313 settlements (1H20: 179 sales and 84 settlements).
- › Contracted unconditional lots in hand total \$323.1 million (1H20: \$264 million).
- › Group consolidated Net Tangible Assets per share of \$2.59 (2020: \$2.56)¹
- › Value and number of settlements will be weighted to the first half of this financial year.

CAPITAL MANAGEMENT REMAINS A PRIORITY

- › Continued availability of debt lines required to assist delivery of active projects.
- › An appropriate amount of capital will be retained to assist delivery of new projects.
- › Intention is to return surplus capital in accordance with the Strategy, subject to maintaining sufficient liquidity to manage operational and delivery requirements.
- › Significant dividend payment reflecting the distribution of surplus capital.
- › Value of future dividends will depend on the continued delivery of projects and the generation of cash with continued asset sales.

¹. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2020

NOTE: BALANCE SHEET COMPARATIVES RELATE TO 30 JUNE 2020

	UNIT	1H21	1H20/FY20	% CHANGE
STATUTORY NPAT	\$M	17.4	9.4	+85
EARNINGS PER SHARE ¹	CENTS	13	7	+86
ORDINARY DIVIDENDS PER SHARE	CENTS	8	-	
SPECIAL DIVIDENDS PER SHARE	CENTS	22	-	
INTEREST BEARING DEBT	\$M	149.9	188.3	
TOTAL ASSETS	\$M	533.3	574.0	
EQUITY	\$M	345.1	341.8	
NET TANGIBLE ASSETS PER SHARE	\$	2.59	2.56	
GEARING [DEBT TO TOTAL ASSETS]	%	28	33	
GEARING [DEBT TO EQUITY]	%	43	55	
SALES				
VALUE	\$M	248.9	119.5	+108
VOLUME	#	380	179	+112
AVERAGE PRICE	\$K	655	668	
SETTLEMENTS				
VALUE	\$M	198.6	55.8	+256
VOLUME	#	313	84	+273
AVERAGE PRICE	\$K	635	664	

GROUP STRATEGIC PLAN
AND FINANCIAL PERFORMANCE

Group Strategic Plan

PROGRAM FOR REALISING THE STRATEGY

On 20 October 2020 following a review of ongoing operations Sunland announced its strategic plan to return net assets to Shareholders.

The Strategy implemented is to:

- › Sell certain inventory not currently under development; and
- › Complete development of certain other projects.
- › Convert assets to cash to repay all liabilities; and
- › Return net assets to Shareholders by way of dividends and capital distributions.
- › Dividends to be fully franked to the extent franking credits are available

With the objective of returning net assets of \$2.56 per share, being net asset value as at 30 June 2020, subject to market conditions, satisfaction of financiers , regulatory and legislative requirements.

Active Development Activities

- › Current and New development activities represent 71% of the Group's inventory value.
- › These projects include housing and medium-rise developments which typically target the owner-occupier market, with a particular focus on downsizers.
- › Various projects completed have settled in the first half with the balance unsold stock expected to settle over the second half of this financial year.
- › Completed projects contributed a return on cost of 23% which is above the Group's 20% target.
- › New projects to be commenced include Lanes Residences – West Village, Lanes Retail and Kenmore. Design and approvals are being finalised ahead of presale and preleasing activities commencing.

Undeveloped Projects for Sale

- › The sale of Mariners Cove and Abian offices generated \$31 million and after tax profit of \$9.2 million
- › Balance projects not being developed has been earmarked for sale in an orderly fashion.
- › Unconditional projects sales total \$43.4 million generating a forecast net profit after tax of \$5.6 million after allowing for net realisation adjustments. Settlements are scheduled over the next fifteen months.
- › Conditional sales total \$67.8 million although contracts are subject to various access agreements and development approvals.

Other Group Activities

- › Gold Coast offices at Royal Pines to be downsized and current area has been leased to third party tenant.
- › New building to be constructed and occupied by childcare operator significantly increasing rental income generated by the asset
- › Lanes Retail is in preleasing phase and construction of the centre to commence now development approval has been obtained.

FINANCIAL PERFORMANCE FOR PERIOD ENDING 31 DECEMBER 2020

	\$M	1H21	1H20
TOTAL REVENUE		201.4	63.3
REVENUE – SALE OF PROPERTY		198.6	55.8
STATUTORY NET PROFIT BEFORE TAX		25.0	11.3
STATUTORY NET PROFIT AFTER TAX		17.4	9.4
EBIT		32.9	13.3
INTEREST COVER (TIMES)		4.2	6.5
INTERIM DIVIDEND (CENTS)		8	-
SPECIAL DIVIDEND		22	-
TOTAL DIVIDENDS		30	-
PERFORMANCE INDICATORS			
DEVELOPMENT RETURN ON COST			
– LAND AND HOUSING		13%	45%
– MULTI-STOREY		31%	2%
– OVERALL		23%	40%

OUTLOOK

Outlook

THE PROPERTY MARKET is performing above expectations and is supporting the Strategy of returning net asset value to the Group's shareholders.

ASSET SALES completed and forecast are supporting net tangible asset value.

THERE IS A LIMITED number of new projects to be delivered and capital will be retained to ensure they are completed in a timely manner following approvals.

DIRECTORS will continue to balance debt and capital retention for project and operational requirements when assessing future dividend and capital distributions.

PORTFOLIO DETAILS

Development Portfolio



- ◇ Completed Projects
- ▲ Under Construction
- Future Construction

○	KENMORE RESIDENTIAL HOUSING
◇	THE HILLS RESIDENCES RESIDENTIAL HOUSING
◇	MARINA CONCOURSE MULTI-STOREY
◇	ARBOUR & PARK RESIDENCES RESIDENTIAL HOUSING
◇	MAGNOLI APARTMENTS MULTI-STOREY
▲	THE LANES RESIDENCES - EAST VILLAGE MULTI-STOREY
▲	272 HEDGES AVENUE MULTI-STOREY
○	THE LANES RESIDENCES - WEST VILLAGE MULTI-STOREY
○	THE LANES RETAIL RETAIL DEVELOPMENT

BRISBANE

GOLD COAST

SYDNEY

MONTAINE RESIDENCES
RESIDENTIAL HOUSING

Active and new projects

ACTIVE AND NEW PROJECTS		YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS ¹		UNSOLD LOTS	
	(#)	(\$M)		(\$M)		(\$M)		(\$M)		(\$M)	
MULTI- STOREY											
MARINA CONCOURSE, QLD	110	82	95	72	15	11	8	5	7	6	
MAGNOLI APARTMENTS, QLD	210	152	171	122	39	30	14	11	25	19	
THE LANES RESIDENCES, QLD	150	122	-	-	150	122	29	25	121	97	
272 HEDGES AVENUE, QLD	98	254	-	-	98	254	90	213	8	42	
SUB-TOTAL	568	610	266	193	302	417	141	253	161	164	
HOUSING											
ARBOUR RESIDENCES, QLD	113	49	84	36	29	13	23	10	6	3	
THE HILLS RESIDENCES, QLD	91	48	68	36	23	12	23	12	-	-	
KIRKDALE RESIDENCES, QLD	33	33	31	31	2	2	2	2	-	-	
MONTAINE RESIDENCES, NSW	139	93	-	-	139	93	109	72	30	21	
SUB-TOTAL	376	223	183	103	193	121	157	97	36	23	
URBAN											
THE HEIGHTS, QLD	499	159	462	149	37	10	18	5	19	5	
SUB-TOTAL	499	159	462	149	37	10	18	5	19	5	
TOTAL PROJECTS COMPLETED OR UNDER CONSTRUCTION	1,443	992	911	445	532	547	316	354	216	193	

1. CONTRACTED LOTS INCLUDES BOTH CONDITIONAL AND UNCONDITIONAL CONTRACTS.

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