

## 1. Company details

Name of entity:	Sunland Group Limited
ABN:	65 063 429 532
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

## 2. Results for announcement to the market

			<b>\$'000</b>
Revenues from ordinary activities	down	49.1% to	123,944
Profit from ordinary activities after tax attributable to the shareholders of Sunland Group Limited	down	42.5% to	20,636
Profit for the half-year attributable to the shareholders of Sunland Group Limited	down	42.5% to	20,636

### Earnings per share (EPS)

	<b>31 December 2022 Cents</b>	<b>31 December 2021 Cents</b>
Basic earnings per share	15.1	26.2
Diluted earnings per share	15.1	26.2

### Dividend information

To be paid:

(a) Special dividend declared 16 February 2023 - 20 cents per share fully franked at a tax rate of 30%  
 Ex-dividend date 27 February 2023  
 Record date for determining entitlement to the dividend 28 February 2023  
 Dividend payment date 16 March 2023

(b) Interim dividend declared 16 February 2023 - 20 cents per share fully franked at a tax rate of 30%  
 Ex-dividend date 27 February 2023  
 Record date for determining entitlement to the dividend 28 February 2023  
 Dividend payment date 16 March 2023

Paid this period:

	<b>Amount per security Cents</b>	<b>Franked amount per security Cents</b>
FY22 final dividend paid 15 September 2022 fully franked at 30%	15.0	15.0
Special dividend paid 28 July 2022 fully franked at 30%	30.0	30.0
Special dividend paid 7 December 2022 fully franked at 30%	60.0	60.0

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	169	230

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# **Sunland Group Limited**

**ABN 65 063 429 532**

**Consolidated interim financial report for the half year  
ended - 31 December 2022**

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 2022 ("1H23") and the independent review report thereon.

Comparative results are referenced through the Directors' Report as "1H22" for the half-year ended 31 December 2021; and "2022" being for the year ended 30 June 2022.

## **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 AM, Executive Chairman  
Mr Sahba Abedian, Managing Director  
Mr Ron Eames, Non Executive Director  
Mr Chris Freeman AM, 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 \$20.6 million (1H22: \$35.9 million).

The period sees the continued delivery of Sunland Group's strategy<sup>1</sup> (Strategy). The half year result is primarily attributable to the performance of Sunland's multi-storey segment which contributed to the result through settlements at 272 Hedges Avenue on the Gold Coast, as well as settlements in the Group's medium density housing development, Montaine Residences in Sydney. Additionally, the settlement of inventory which is not under development under the strategic plan also contributed to the half year result, together with the settlement of the Group's Marina Concourse commercial holding at the Gold Coast.

The cash generated by the Group has been utilised to satisfy the debt notes managed by FIIG Securities Limited by way of redemption. This occurred on the first option redemption date, being 31 October 2022. Directors have also paid fully franked dividends attributable to this financial year totalling 105 cents per share comprising:

- 30 cents in July 2022
- 15 cents in September 2022; and
- 60 cents in December 2022.

Additionally, the Directors have now declared fully franked dividends totalling 40 cents, being an interim dividend of 20 cents and a special dividend of 20 cents, payable 16 March 2023.

<sup>1</sup> initially announced to the ASX on 20 October 2020 and updated on 30 September 2022

## **Operational and financial review**

### Operating and Financial Highlights

- Statutory Net profit after tax of \$20.6 million (1H22 \$35.9 million)
- Earnings per share of 15 cents (1H22: 26 cents)
- Net tangible assets per share of \$1.69 (2022: \$2.60)[1]
- Directors have declared fully franked dividends totalling 40 cents per share comprising an interim dividend of 20 cents and a special dividend of 20 cents payable 16 March 2023
- The Group achieved a 32% development margin, exceeding the targeted 20% return on costs
- The Group's external debt is now fully repaid in accordance with the Group Strategy

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

### Group Development Portfolio

At balance date the Group has 2 active projects in Queensland and New South Wales, being The Lanes Residences West Village (QLD), and Montaine Residences (NSW). Projects contributing to revenue during this period include 272 Hedges Avenue and Montaine Residences.

The Lanes Residences West Village is scheduled to commence settlements in March 2023. All units in the 272 Hedges Avenue project have settled and the balance 22 houses remaining at Montaine Residences are scheduled to settle through March and April 2022.

The undeveloped inventory which settled during this period includes lots 916 and 917 at The Lakes, and the Group's commercial precinct Marina Concourse located at Benowa. The final lot at The Lakes, lot 918, settled early February 2023.

It is expected the balance sale of the Group's completed stock and other sundry property assets will be finalised and settled through the balance of the 2023 financial year.

## **Group operating activities**

### Development activities

The Group met its targeted development margin of 20%, with a return on cost for the period of 32% across its residential development portfolio (excludes marketing costs, which are expensed ahead of recognising revenue - refer segment report for further explanation). The Multi-Storey and Residential Housing and Urban Development segments returned 35% and 20% respectively, with the multi-storey segment boosted by the settlement of various Undeveloped Inventory.

### Other group activities

The Group's retail and commercial asset Marina Concourse at Benowa contributed a modest revenue for the period until it was sold and settled during December 2022.

## **Capital management**

Sunland directors will manage capital requirements to satisfy remaining obligations of the Group, including the final delivery of the active projects, as well as operating obligations such as staff salaries, employee entitlements, necessary operating expenses, maintenance of completed projects, ongoing defect rectification as required and in accordance with legislation, contingent liabilities that may crystallise and costs that may be incurred in ultimately finalising the strategy (Operating and Strategy Costs).

Operating and Strategy Costs are difficult to forecast until Sunland has decided on how to implement the finalisation of the Strategy, and in due course, until all obligations are fulfilled, and the actual timing of those matters are known.

In accordance with the current project timetables, Sunland expects that after April 2023 and by 30 June 2023, Sunland will have no further or active projects or material business assets remaining. On or about that time, Sunland may take steps to cease operating and in that case de-listing is a likely option, subject to and in accordance with legal and financial advice, regulatory requirements and market conditions (however no decision has been made by Sunland at this time). Sunland intends to maintain its listing on the ASX whilst the directors continue to assess the most appropriate way to finalise the Strategy. At this stage Sunland has not made any decision about this and Sunland will consult with its advisors and ASX with respect to the most appropriate way to deliver the optimum outcome for its shareholders.

In the meantime, the Sunland directors will continue to consider, and where possible, make distributions quarterly, either by way of dividends (fully franked, partially franked or unfranked) or capital returns, as appropriate and depending on the source of funds and franking credits available in the circumstances. The frequency and value of dividends (or capital return) may vary from time to time as the amount that can be distributed will be subject to finalising the delivery of active projects, the orderly sale of projects and inventory, the Group fulfilling its obligations over the course of finalising the Strategy (which will continue past the 2023 financial year), the actual Operating and Strategy Costs, and complying with applicable laws (including ASX Listing Rules, Corporations Act and rules regarding dividends and capital returns).

#### **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



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Sahba Abedian  
Director

15 February 2023



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Australia

**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 2022, 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.

A handwritten signature in black ink, appearing to read 'Cameron Henry', written over a light grey grid background.

**Cameron Henry**

Director

**BDO Audit Pty Ltd**

Brisbane, 15 February 2023

**Sunland Group Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2022**

**Sunland Group**  
ESTABLISHED  
1981

		<b>Consolidated</b>	
		<b>31</b>	<b>31</b>
		<b>December</b>	<b>December</b>
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Revenue from the sale of properties		113,312	240,026
Other revenue from operations	4	859	3,292
Other income / (expense)	5	9,773	(18)
<b>Expenses</b>			
Cost of goods sold - property developments	6	(87,707)	(193,727)
Administration and other expenses		(2,277)	(2,001)
Cost of other operations		(536)	(463)
Employee benefits expense		(4,545)	(4,556)
Depreciation and amortisation expense		(316)	(1,021)
<b>Profit before income tax expense</b>		<b>28,563</b>	<b>41,532</b>
Income tax expense		(7,927)	(5,623)
<b>Profit after income tax expense for the half-year attributable to the shareholders of Sunland Group Limited</b>		<b>20,636</b>	<b>35,909</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the shareholders of Sunland Group Limited</b>		<b>20,636</b>	<b>35,909</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		15.1	26.2
Diluted earnings per share		15.1	26.2

*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 2022**

**Sunland Group**  
ESTABLISHED  
1981

	<b>Consolidated</b>	
	<b>31</b>	<b>30 June</b>
<b>Note</b>	<b>December</b>	<b>2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	139,059	262,222
Trade and other receivables	2,733	14,153
Inventories	110,191	161,475
Other current assets	1,119	2,386
	<u>253,102</u>	<u>440,236</u>
Non-current assets classified as held for sale	-	10,116
Total current assets	<u>253,102</u>	<u>450,352</u>
<b>Non-current assets</b>		
Property, plant and equipment	229	319
Right-of-use assets	335	447
Deferred tax	672	-
Total non-current assets	<u>1,236</u>	<u>766</u>
<b>Total assets</b>	<u>254,338</u>	<u>451,118</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,296	26,345
Current tax liabilities	7,586	21,137
Provisions	3,535	3,083
Other current liabilities	1,305	1,302
Total current liabilities	<u>21,722</u>	<u>51,867</u>
<b>Non-current liabilities</b>		
Interest bearing liabilities	9 -	49,041
Deferred tax	-	2,872
Provisions	156	226
Other non-current liabilities	116	232
Total non-current liabilities	<u>272</u>	<u>52,371</u>
<b>Total liabilities</b>	<u>21,994</u>	<u>104,238</u>
<b>Net assets</b>	<u>232,344</u>	<u>346,880</u>
<b>Equity</b>		
Issued capital	8 129,460	129,460
Treasury shares	8 2,318	(6,265)
Retained earnings	100,566	223,685
<b>Total equity</b>	<u>232,344</u>	<u>346,880</u>

*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 2022**

**Sunland Group**  
ESTABLISHED  
1983

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	129,460	(6,265)	188,462	311,657
Profit after income tax expense for the half-year	-	-	35,909	35,909
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	35,909	35,909
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Dividends paid	-	-	(27,219)	(27,219)
Dividends declared	-	-	(13,691)	(13,691)
Balance at 31 December 2021	<u>129,460</u>	<u>(6,265)</u>	<u>183,461</u>	<u>306,656</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2022	129,460	(6,265)	223,685	346,880
Profit after income tax expense for the half-year	-	-	20,636	20,636
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	20,636	20,636
<i>Transactions with shareholders in their capacity as shareholders:</i>				
Sales of treasury shares	-	8,583	-	8,583
Dividends paid	-	-	(143,755)	(143,755)
Balance at 31 December 2022	<u>129,460</u>	<u>2,318</u>	<u>100,566</u>	<u>232,344</u>

*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 2022**

**Sunland Group**  
ESTABLISHED  
1981

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
<b>Note</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from operations	105,493	255,565
Cash payments to suppliers and employees	(36,606)	(99,347)
Interest received	180	64
Interest and other finance costs paid	(2,176)	(3,734)
Income taxes paid	(25,023)	(10,176)
Net cash from operating activities	41,868	142,372
<b>Cash flows from investing activities</b>		
Payments for construction of investment properties	-	(3,716)
Proceeds from disposal of property, plant and equipment and investment properties	19,906	173
Proceeds from sale of financial instruments	235	-
Net cash from/(used in) investing activities	20,141	(3,543)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	33,811
Dividends paid to company's shareholders	7 (143,755)	(27,382)
Repayment of borrowings	9 (50,000)	(38,884)
Proceeds from treasury shares dividends	-	163
Proceeds from sale of treasury shares	8 8,583	-
Net cash used in financing activities	(185,172)	(32,292)
Net increase/(decrease) in cash and cash equivalents	(123,163)	106,537
Cash and cash equivalents at the beginning of the financial half-year	262,222	13,141
Cash and cash equivalents at the end of the financial half-year	139,059	119,678

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

**Note 1. Segment information**

**31 December 2022**

	<b>Land &amp; Housing \$'000</b>	<b>Multi- storey \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>				
Revenue recognised from operations	21,092	92,220	678	113,990
<b>Development costs incurred in delivery</b>				
Finance costs expensed	(1,716)	(6,116)	(9)	(7,841)
Other development costs expensed	(15,854)	(62,002)	(641)	(78,497)
Total development costs	<u>(17,570)</u>	<u>(68,118)</u>	<u>(650)</u>	<u>(86,338)</u>
<b>Segment result - development return</b>				
Return on development costs	3,522	24,102	28	27,652
Return on costs	20%	35%		
Overall return for combined development operations 32%				
<b>Other transactions during the year</b>				
Marketing	(72)	(480)	-	(552)
Warranties adjustments	(790)	(685)	-	(1,475)
Interest received				180
Gain / (Loss) on disposal				9,773
Unallocated corporate expenses				(7,015)
Profit before tax				28,563
Income tax expense				<u>(7,927)</u>
Net profit for the year				<u>20,636</u>
<b>Assets</b>				
Segment assets	19,815	90,376	-	110,191
Unallocated corporate assets	-	-	-	<u>144,147</u>
Consolidated total assets	<u>19,815</u>	<u>90,376</u>	<u>-</u>	<u>254,338</u>

**Note 1. Segment information (continued)**

**31 December 2021**

	<b>Land &amp; Housing \$'000</b>	<b>Multi- storey \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>				
Revenue recognised from operations	112,746	127,280	228	240,254
<b>Development costs incurred in delivery</b>				
Finance costs expensed	(9,064)	(3,649)	-	(12,713)
Other development costs expensed	(79,134)	(100,395)	(922)	(180,451)
Total development costs	<u>(88,198)</u>	<u>(104,044)</u>	<u>(922)</u>	<u>(193,164)</u>
<b>Segment result - development return</b>				
Return on development costs	24,547	23,236	(693)	47,090
Return on costs	28%	22%		
Overall return for combined development operations 25%				
<b>Other transactions during the year</b>				
Marketing	(224)	(606)	(155)	(985)
Warranties adjustments	(54)	(446)	-	(500)
Recovery of warranty costs				3,000
Interest received				64
Unallocated corporate expenses				(7,137)
Profit before tax				41,532
Income tax expense				<u>(5,623)</u>
Net profit for the year				<u><u>35,909</u></u>
<b>Assets</b>				
Segment assets	43,706	315,635	25,930	385,271
Unallocated corporate assets	-	-	-	<u>126,242</u>
Consolidated total assets	<u><u>43,706</u></u>	<u><u>315,635</u></u>	<u><u>25,930</u></u>	<u><u>511,513</u></u>

### **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;
- Multi-storey - 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 2022 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 2022 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.

**Note 4. Other revenue from operations**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment property revenue (a)	521	159
Holding income (b)	(118)	(311)
Interest received	180	64
Recovery of warranty costs	-	3,000
Other revenue	276	380
	<u>859</u>	<u>3,292</u>

(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)**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain / (Loss) on disposal of property, plant & equipment and investment properties (a)	8,454	-
Other	1,319	(18)
	<u>9,773</u>	<u>(18)</u>

(a) Gain / (Loss) on disposal of property, plant & equipment and investment properties

During the prior financial year the Group commenced the process of selling its Royal Pines retail and commercial asset ("Royal Pines") as part of the ongoing strategy to return net asset value to shareholders. The Group had engaged the services of an external agent and negotiations between management and potential buyers were in progress. The Royal Pines asset, which consisted of both investment properties and property, plant & equipment, was therefore disclosed as a non-current asset held for sale at the end of the prior financial year. The Group entered into a contract for the sale of Royal Pines in September 2022, with the contract settling in December 2022. The sale achieved a total gain on disposal of \$8.5 million.

**Note 6. Cost of goods sold - property developments**

	<b>Consolidated</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Costs of goods sold - property developments	79,875	181,014
Finance costs	7,832	12,713
	<u>87,707</u>	<u>193,727</u>

**Note 7. Equity - Dividends**

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

	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Cents per</b>	<b>\$'000</b>	<b>Cents per</b>	<b>\$'000</b>
	<b>share</b>		<b>share</b>	
<b>Ordinary shares</b>				
Final fully franked dividend for the previous financial year	15	20,536	4	5,476
Special fully franked dividend - July 22	30	41,073	16	21,906
Special fully franked dividend - December 2022	60	82,146	-	-

On 16 February 2023 the directors declared both an interim dividend of 20 cents per share (1H22: 12 cents) and a special dividend of 20 cents per share (1H22: Nil), with both dividends fully franked at a rate of 30%. The total estimated distribution based on the number of shares outstanding as at the date of issue of these financial statements for the interim dividend is \$27,381,903 (1H22: \$16,429,142) and for the special \$27,381,903 (1H22: Nil).

**Note 8. Equity - Contributed equity**

	<b>31</b>	<b>Consolidated</b>	<b>31</b>	
	<b>December</b>	<b>30 June</b>	<b>December</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Share capital	136,909,515	136,909,515	129,460	129,460
Treasury shares	-	(3,648,836)	2,318	(6,265)
	<u>136,909,515</u>	<u>133,260,679</u>	<u>131,778</u>	<u>123,195</u>



**Note 8. Equity - Contributed equity (continued)**

During the 2014 Annual General Meeting, the members of Sunland voted in favour of issuing 3,500,000 shares (issue price \$1.70) to the Sunland Employee Retirement Fund (SERF). The shares are fully paid ordinary shares in the capital of the Company and rank equally with all other existing shares from the date issued. In addition to this the Sunland Employee Investment Fund (SEIF) purchased on market 148,836 shares at an average price of \$2.09.

Under the accounting standards, Sunland is deemed to control both SERF and SEIF and the shares (and associated transactions) are eliminated on consolidation, thereby deducting these issued shares from issued capital whilst held by the Trustee. In October 2022 the treasury shares held by both SERF and SEIF were disposed of in accordance with the strategy, with the proceeds recognised directly to equity.

The increase to equity that has arisen via the disposal of the treasury shares in accordance with the strategy, is to be distributed to the beneficiaries of SERF and SEIF in line with the long-term incentive plans of the Group, and is not considered to be an addition to the capital of the Group to which shareholders have an entitlement.

**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 "bank guarantee" facilities and "unsecured notes".

	<b>Consolidated</b>	
	<b>31</b>	
	<b>December</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Bank guarantee facilities</b>		
Bank guarantee facilities available (a)	15,000	10,000
Facilities utilised at balance date	(10,194)	(5,997)
Available bank guarantee facilities not utilised at balance date	<u>4,806</u>	<u>4,003</u>
<b>Unsecured notes</b>		
Unsecured notes available (b)	-	50,000
Facilities utilised at balance date	-	(50,000)
Available unsecured notes not utilised at balance date	<u>-</u>	<u>-</u>

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) Bank guarantee facilities available**

During the prior reporting period the Group arranged for a bank guarantee facility to be made available for the issuance of performance and maintenance obligations. The facility was increased to a limit of \$15 million during financial the half-year, supported by an additional \$5 million term deposit. The Group currently has \$15.3 million in term deposit balances supporting the guarantee facility.

**(b) Unsecured notes available**

At the end of the prior reporting period, the Group had available a 5-year unsecured note of \$50 million scheduled to expire on 31 October 2024 at a fixed rate of 6.2%. In accordance with the terms and conditions of the unsecured notes, the Group elected to fully redeem them at a premium of 2% during the financial half-year.

**Note 10. Related party transactions**

- Following a public expression of interest campaign, the Group announced on 25 August 2021 it had negotiated commercial terms with two companies associated with a member of the Group's KMP, for the sale of two development sites located at Lakeview Boulevard, Mermaid Waters.

On 3 November 2021 it was further announced that a put and call option had been entered into for each site, conditional on the Group obtaining shareholder approval. Shareholder approval was achieved on 23 December 2021 at an EGM of Sunland shareholders. The first contract for Lot 909 settled in May 2022 for a price of \$13.8 million, with the second contract for Lot 916 settling on 21 September 2022 for a price of \$19 million.

- On 10 December 2020 the Group entered into a contract of sale for a residential apartment to a KMP. The contract settled on 1 December 2022 for a price of \$6.2 million.
- During the previous half year a member of the Group's KMP settled on the purchase of two apartments located at The Lanes Residences - East Village for a total purchase price of \$1,469,900.
- Two key management personnel have utilised Sunland Group for property management services in respect of residential properties, for a management fee.

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 2022 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



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Sahba Abedian  
Director

15 February 2023

## 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 2022, 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 significant 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 2022 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 2022 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**



**Cameron Henry**  
Director

Brisbane, 15 February 2023