

Sunland Group

ESTABLISHED

1983

17 February 2022

The Manager
Company Announcements
Australian Securities Exchange

FY22 First Half Results and Profit Guidance

Sunland Group Limited (ASX: SDG) today announced a net profit after tax of \$35.9 million and an interim fully franked dividend of 12 cents per share.

Operating and financial highlights for the period are detailed below:

- Statutory Net profit after tax of \$35.9 million (1H21 \$17.4 million)
- Earnings per share of 27 cents (1H21: 13 cents)^[1]
- Net tangible assets per share of \$2.30 (2021: \$2.34)^[1]
- Fully franked dividends totalling 22 cents per share declared by the Board being a special dividend of 10 cents paid in January 2022 and an interim dividend of 12 cents payable 17 March 2022
- The settlement of various assets were completed in accordance with the Group's strategy contributing a total of \$94.8 million in revenue and \$18.3 million profit after tax;
- Strong cash flow from property settlements totalling \$240.0 million (1H21: \$198.6 million)
- The Group achieved a 25% development margin, exceeding the targeted 20% return on costs
- Gearing is 33% debt to assets and 54% debt to equity

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

The period sees the continued delivery of Sunland Group's Strategic Plan. The half year result is primarily attributable to the performance of Sunland's multi-storey segment which contributed to the result through settlements at The Lanes Residences East Village on the Gold Coast, as well as settlements in the Group's Sydney medium density housing development, Montaine Residences. Additionally, the settlement of inventory which is not under development under the strategic plan also contributed to the half year result.

The cash generated by the Group has reduced debt under the working capital lines and enabled the Directors in December to declare a fully franked special dividend of 10 cents per share, which was paid on 13 January 2022. Additionally, the Directors have declared an interim dividend of 12 cents per share payable 17 March 2022.

Group Development Portfolio

Mr Abedian said "the progress of the Group Strategy continues to be assisted by the buoyant market conditions that are being experienced".

Sunland has 4 Active projects in Queensland and New South Wales as at the balance date, being The Lanes Residences West Village, 272 Hedges Ave, The Lanes Retail (Qld) and Montaine Residences (NSW). Projects contributing to revenue during this period include The Lanes Residences East Village, and Montaine Residences.

The undeveloped projects that have been settled in this half year period include properties located in Bushland Beach, 154 Marine Parade Greenmount, Kenmore (Qld), Ingleside (NSW), and Carrum Downs (Vic). The settlement of undeveloped projects generated revenue of \$94.8 million and an after tax profit of \$18.3 million.

Mr Abedian said “the portfolio is progressing well with active projects scheduled to be completed through the second half of FY22 and through FY23.”

“The material projects scheduled to be completed include 272 Hedges Avenue and various stages of the housing development Montaine Residences in FY22. The balance of stages at Montaine Residences are scheduled to settle during 1H23 and The Lanes Residences West Village is scheduled to be completed during the 2H23.”

Contracts in hand for undeveloped projects sold as part of the Strategy which are classified as unconditional contracts include:

Project	Contract value	Anticipated settlement	ASX announcement
Grace on Coronation	\$35,500,000	Feb 2022	18-Mar-21
Greenmount Hotel	\$42,300,000	Mar 2022	28-Jan-21
The Lakes lot 909	\$13,100,000	Mar 2022	25-Aug-21
The Lanes Retail	\$45,818,182	Jun 2022	28-Oct-21
The Lakes Lot 916	\$19,650,000	Aug 2022	25-Aug-21
The Lakes lot 917	\$16,000,000	Oct 2022	31-Aug-21
Other undeveloped projects	\$27,075,000		
	\$199,443,182		

Other undeveloped projects include properties at The Heights Pimpama, Labrador, and The Lakes which are scheduled to settle between February and March 2022. The forecasted net profit after tax contribution from the above unconditional contracts is \$45.1 million.

Conditional sales of other Undeveloped Projects have also been achieved including a commercial site at Bushland Beach and Lot 918 at The Lakes (QLD). Contract proceeds of conditional sales, should they occur, is estimated to be approximately \$9.8 million. Management is working with these buyers to fulfill the respective contract conditions.

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 those projects under construction.

Mr Abedian said “the Board intends distributing dividends quarterly where possible, but must continue to be compliant with debt covenants until financiers are fully repaid which is expected to be October 2022.”

In application of the Group’s capital management strategy during the period, the Group’s available credit facility limits were reduced by \$130 million, and by a further \$36 million in January 2022. 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.

FY22 Profit Guidance

There is a material level of settlements anticipated to occur through the second half of this financial year with the anticipated completion 272 Hedges Avenue and the next stages of Montaine Residences projects, as well as scheduled settlements of unconditional contracts held for undeveloped projects. Directors therefore provide FY22 guidance of \$98 million net profit after tax providing the developments under construction are completed and settled as scheduled and the settlements of undeveloped projects complete under the terms of those contracts.

Yours faithfully,



Grant Harrison
Company Secretary