

# HALF YEAR RESULTS 2022

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

Sunland Group

# GROUP STRATEGIC PLAN

# PROGRAM FOR REALISING NET ASSET VALUE

## FINANCIAL PERIOD SEES THE CONTINUATION OF THE STRATEGIC PLAN

### The Strategy\* implemented is to:

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

*SUBJECT TO MARKET CONDITIONS, SATISFACTION OF FINANCIERS, REGULATORY AND LEGISLATIVE REQUIREMENTS.*

*\* GROUP STRATEGIC PLAN*

## GROUP RESULTS AND OPERATION HIGHLIGHTS

# GROUP RESULTS AND OPERATIONAL HIGHLIGHTS

## SETTLEMENTS OF COMPLETED PROJECTS COMBINED WITH SALE OF UNDEVELOPED PROJECTS CONTRIBUTED TO RESULTS

- Statutory Net Profit After Tax of \$35.9 million (1H21 17.4 million).
- Earnings per share 27 cents [1] (1H21: 13 cents)
- Total value of fully franked dividends 22cps (1H21: 30cps) including special dividends
- 213 settlements for value \$145.2 million (1H21: 313 settlements for value \$170.5 million)
- Contracted unconditional lots in hand total \$429.1 million
- Group consolidated Net Tangible Assets per share of \$2.30 (2021: \$2.34) <sup>1</sup>

## CAPITAL RETAINED TO COMPLETE PROJECTS

- Debt lines are progressively reduced as projects are completed and settled.
- An appropriate amount of capital will be retained to fund the delivery of active projects
- Intention is to return surplus capital in accordance with the Strategy, subject to maintaining sufficient liquidity to manage operational and delivery requirements
- Value of future dividends will depend on cash generated from the delivery of projects under construction and continued asset sales as scheduled

[1] BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

## KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2021

	UNIT	1H22	1H21 (a)	% CHANGE
STATUTORY NPAT	\$M	35.9	17.4	+106
EARNINGS PER SHARE	CENTS	26	13	+102
ORDINARY DIVIDENDS PER SHARE	CENTS	12	8	
SPECIAL DIVIDENDS PER SHARE	CENTS	10	22	
INTEREST BEARING DEBT	\$M	165.0	168.9	
TOTAL ASSETS	\$M	511.5	522.3	
EQUITY	\$M	306.7	311.7	
NET TANGIBLE ASSETS PER SHARE <sup>1</sup>	\$	2.30	2.34	
GEARING [DEBT TO TOTAL ASSETS]	%	32	32	
GEARING [DEBT TO EQUITY]	%	54	54	
SALES				
VALUE	\$M	134.8	248.9	-46
VOLUME	#	168	380	-56
AVERAGE PRICE	\$K	802	655	
SETTLEMENTS (b)				
VALUE	\$M	145.2	170.5	-15
VOLUME	#	213	313	-32
AVERAGE PRICE	\$K	682	545	

a) Balance sheet comparatives relate to 30 June 2021.

b) Settlements figures do not include the sale of non-development assets.

**GROUP PROJECTS  
AND FINANCIAL PERFORMANCE**

# GROUP PROJECTS AND FINANCIAL PERFORMANCE

## ACTIVE DEVELOPMENT PROJECTS

- Active development activities represents approximately 75% of the Group's inventory value and will be delivered through the balance FY22 and FY23.
- These projects primarily comprise multi-storey projects 272 Hedges Ave and Lanes Residences West Village (QLD); and housing project Montaine Residences (NSW).
- Projects completed include Lanes residences East Village and initial stages at Montaine Residences.
- Completed projects contributed a return on cost of 24% which is above the Group's 20% target.
- Active projects under construction are largely sold with unconditional presales totaling \$429.1 million representing 95% of product being delivered

## UNDEVELOPED PROJECTS FOR SALE

- Revenue from sale of undeveloped projects including 154 Marine Pde Greenmount, Kenmore (QLD, Ingleside (NSW) and Carrum Downs (VIC) totaled \$94.8 million, contributing NPAT of \$18.3 million.
- Unconditional sales yet to settle total \$199.4 million generating NPAT \$45.1 million as the projects are scheduled to settle during FY22 and early FY23.
- Conditional sales total \$9.8 million and if conditions are met are scheduled to settle FY22 and contribute a further NPAT of \$3.1 million.

## OTHER GROUP ASSETS AND LIABILITIES

- Negotiations are in train for the sale of the remaining assets to be sold under the Group Strategy
- The Group's working capital lines have been reduced and are repaid. Project specific lines will be repaid with the completion and settlement of 272 Hedges Ave
- Remaining debt will be repaid when early redemption provisions allow under the facility arrangements
- This is expected to be October 2022 (subject to settlements continuing) and covenant restrictions on distribution will therefore no longer apply

## FINANCIAL PERFORMANCE FOR PERIOD ENDING 31 DECEMBER 2021

	\$M	1H22	1H21
TOTAL REVENUE		243.3	201.4
REVENUE – SALE OF PROPERTY		240.0	198.6
STATUTORY NET PROFIT BEFORE TAX		41.5	25.0
STATUTORY NET PROFIT AFTER TAX		35.9	17.4
EBIT		54.2	32.9
INTEREST COVER (TIMES)		4.3	4.2
INTERIM DIVIDENDS			
ORDINARY (CENTS)		12	8
SPECIAL (CENTS)		10	22
TOTAL DIVIDENDS		22	30
PERFORMANCE INDICATORS			
DEVELOPMENT RETURN ON COST			
- LAND AND HOUSING		28%	13%
- MULTI-STOREY		22%	31%
- OVERALL		25%	23%

## OUTLOOK



# OUTLOOK

The property market continues to support the Strategy of returning net asset value to the Group's shareholders.

Non development asset sales continue to be at a premium to book value overall.

Projects under construction are predominately sold out and this portfolio is performing to the Group's usual return expectations.

The impact of rising construction costs and supply chain pressure continues to be managed within project forecasts.

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

It is intended that dividends will be paid quarterly providing settlements complete as scheduled.

Directors provide guidance for FY22 NPAT of \$98 million providing:

- Developments under construction are completed and settle as scheduled
- Contracts for the sale of non development assets complete as scheduled

## PORTFOLIO DETAILS

# ACTIVE PROJECTS TO BE DELIVERED

ACTIVE AND NEW PROJECTS	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS <sup>1</sup>		UNSOLD LOTS	
	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)
<b>MULTI-STOREY</b>										
THE LANES RESIDENCES – WEST VILLAGE, QLD - settlement scheduled for FY23	157	130	-	-	157	130	145	118	12	12
272 HEDGES AVENUE, QLD – settlements scheduled for FY22	98	256	-	-	98	256	98	256	-	-
<b>SUB-TOTAL</b>	<b>255</b>	<b>386</b>	<b>-</b>	<b>-</b>	<b>255</b>	<b>386</b>	<b>243</b>	<b>374</b>	<b>12</b>	<b>12</b>
<b>HOUSING</b>										
MONTAINE RESIDENCES, NSW – staged settlements scheduled for FY22 and FY23	139	93	45	29	94	64	93	63	1	1
<b>SUB-TOTAL</b>	<b>139</b>	<b>93</b>	<b>45</b>	<b>29</b>	<b>94</b>	<b>64</b>	<b>93</b>	<b>63</b>	<b>1</b>	<b>1</b>
<b>TOTAL PROJECTS COMPLETED OR UNDER CONSTRUCTION</b>	<b>394</b>	<b>479</b>	<b>45</b>	<b>29</b>	<b>349</b>	<b>450</b>	<b>336</b>	<b>437</b>	<b>12</b>	<b>13</b>

<sup>1</sup> CONTRACTED LOTS INCLUDES BOTH CONDITIONAL AND UNCONDITIONAL CONTRACTS

## UNCONDITIONAL CONTRACTS – UNDEVELOPED PROJECTS

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-2021
GREENMOUNT HOTEL	\$42,300,000	MAR 2022	28-JAN-2021
THE LAKES LOT 909	\$13,100,000	MAR 2022	25-AUG-2021
THE LANES RETAIL	\$45,818,182	JUN 2022	28-OCT-2021
THE LAKES LOT 916	\$19,650,000	AUG 2022	25-AUG-2021
THE LAKES LOT 917	\$16,000,000	OCT 2022	31-AUG-2021
OTHER UNDEVELOPED PROJECTS	\$27,075,000		
<b>TOTAL</b>	<b>\$199,443,182</b>		

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.

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