

Sunland Group

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The Manager
Company Announcements
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SUNLAND GROUP ANNOUNCES FY21 FULL YEAR RESULTS

Sunland Group Limited (ASX: SDG) today announced a profit after tax for the full year of \$24.9 million.

Operating and financial highlights for the period are detailed below:

- Statutory Net profit after tax of \$24.9 million (2020: \$2.4 million)
- Earnings per share of 18.7 cents (2020: 1.8 cents) [1]
- Net tangible assets per share of \$2.34 (2020: \$2.56) [1]
- Fully franked final and special dividends totalling 20 cents per share to be paid 30 September 2021
- Sale of various assets completed in accordance with the Group's strategy contributing a total of \$40.1 million in revenue and \$13.6 million profit after tax
- Strong cash flow from property settlements totalling \$274.4 million (2020: \$159.8 million)
- The Group achieved a 24% development margin, exceeding the target 20% return on costs

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

The period sees the continuous implementation of Sunland Group's Strategic Plan 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).

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 4 cents per share, plus a special dividend of 16 cents per share.

Managing Director, Mr Sahba Abedian said "These dividend payments, together with the interim dividends paid in March 2021, will bring the value of fully franked dividend distributions for this financial year to 50 cents per share.

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 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.

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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 is mostly sold and settled. The Lanes Residences – East Village (stage 1) was completed and settlements commenced post balance date. Other Active projects which are under development include 272 Hedges Avenue (QLD) and Montaine Residences (NSW).

New development activities include The Lanes Residences – West Village (stage 2) which has now commenced and the launch has been well received by the market. Pre-leasing continues with The Lanes Retail which has achieved strong commitments for pre-leasing.

Some of the Undeveloped Projects have been marketed and sold during this period as part of the Strategy. Completed sales include land parcels at Mariners Cove, Lakeview Childcare (QLD), Archer St (QLD) as well as the sale and lease back of the Group's office premises at Brisbane. These have contributed a total value of \$40.1 million and \$13.6 million profit after tax. Unconditional sales include a residential development lot at the Heights, Marine Parade Labrador, Marine Pde Greenmount (QLD); Ingleside (NSW) and Carrum Downs (VIC). The Greenmount Hotel sale is now unconditional following the Group's recent extraordinary general meeting. The proceeds of unconditional contracts total \$132.3 million and will generate approximately \$25.8 million profit after tax. These contracts are scheduled to settle during the 2022 financial year.

Conditional sales of other Undeveloped Projects have also been achieved. Details of the Grace on Coronation site has been announced to the market. Other sales include a commercial site at Bushland Beach and a residential site at The Lanes (QLD). Proceeds of these conditional sales, should they occur, is estimated to be approximately \$69.3 million. The various contracts carry conditions such as certain development approvals, titling requirements 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 18 to 24 months" 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