

# FULL YEAR RESULTS 2020

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

Sunland Group

GROUP OVERVIEW AND  
DEVELOPMENT PORTFOLIO

# FY20 Key Results

SUNLAND IS FOCUSED UPON THE DELIVERY OF IT'S PORTFOLIO AND UNLOCKING THE INHERENT VALUE OF THE GROUP - BY BRIDGING THE DIFFERENTIAL BETWEEN THE SHARE PRICE AND NET TANGIBLE ASSETS THROUGH THE STRATEGIC SALE OF SELECTED ASSETS.

## HEADLINE RESULT AFFECTED BY INVENTORY ADJUSTMENTS OF \$13.9 MILLION AFTER TAX

- › Statutory Net Profit After Tax of \$2.4 million (2019: \$17.7 million).
- › Underlying earnings of \$16.3 million after tax (2019: \$26.7 million).
- › Statutory earnings per share 1.8 cents and underlying earnings per share 12 cents<sup>1</sup> (2019: 12 cents and 19 cents respectively)
- › Total value of fully franked dividends 10cps comprising (2019: 8cps):
  - Final dividend 7cps payable September 2020
  - Special dividend 3cps payable September 2020
- › 357 sales and 236 settlements (2019: 237 sales and 382 settlements).
- › Contracted lots in hand total \$296 million (2019: \$192.4 million).
- › Group consolidated Net Tangible Assets per share of \$2.56 (2019: \$2.56)<sup>1</sup>.

## CAPITAL MANAGEMENT REMAINS A PRIORITY:

- › \$6.8 million in new site acquisitions at Maraylya (NSW).
- › Acquired 4.1 million shares for a total value of \$6.5 million under the buyback program which has now concluded.
- › Heighted focus on sustained payment of dividends as portfolio is delivered.
- › Gearing 33% debt to assets; 55% debt to equity.
- › Balance sheet capacity as at 30 June 2020 of \$13.1 million in cash and \$139.9 million in undrawn working capital.

1. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

## KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2018

NOTE: COMPARATIVES HAVE BEEN RESTATED IN ACCORDANCE WITH NOTE 3 OF THE FINANCIAL REPORT

	UNIT	FY 20	FY 19	% CHANGE
STATUTORY NPAT	\$M	2.4	17.7	-86
EARNINGS PER SHARE <sup>1</sup>	CENTS	1.8	12	-85
UNDERLYING EARNINGS	\$M	16.4	26.7	-39
UNDERLYING EARNINGS PER SHARE	CENTS	12	19	-37
ORDINARY DIVIDENDS PER SHARE	CENTS	7	8	
SPECIAL DIVIDENDS PER SHARE	CENTS	3	-	
INTEREST BEARING DEBT	\$M	188.3	127.5	
TOTAL ASSETS	\$M	574.0	528.6	
EQUITY	\$M	341.8	351.6	
NET TANGIBLE ASSETS PER SHARE	\$	2.56	2.56	
GEARING [DEBT TO TOTAL ASSETS]	%	33	24	
GEARING [DEBT TO EQUITY]	%	55	36	
<b>SALES</b>				
VALUE	\$M	236.9	214.6	10
VOLUME	#	357	237	51
AVERAGE PRICE	\$K	664	905	
<b>SETTLEMENTS</b>				
VALUE	\$M	159.8	277.6	-42
VOLUME	#	236	382	-38
AVERAGE PRICE	\$K	677	727	

## FINANCIAL & OPERATIONAL REVIEW

# Financial Performance

## PORTFOLIO

- › Projects strategically target the owner-occupier market, with a particular focus on downsizers.
- › Combined development portfolio contributed a return on cost of 26% which is above the Group's 20% target.
- › Strategic assets have been sold due to market demand for development sites and unlocking inherent value of balance sheet.
- › Surplus capital from asset sales is being returned to shareholders through fully franked dividends.
- › Inventory adjustments totaling \$13.9 million after tax following a review of net realisable value of some assets (Bushland Beach and Marine Parade Labrador) and expensing consultants' costs where project design is deemed obsolete and new design developed to meet market conditions .

## RESIDENTIAL HOUSING AND URBAN DEVELOPMENT

- › Residential housing and urban development continued to provide a sound earnings profile and are strategically complemented by the multi-storey portfolio.
- › Sale of development land at The Heights and Ingleside have contributed to FY20 results.
- › The land and housing portfolio is generally leveraged to 35% of inventory value.

## MULTI-STOREY

- › With the exception of 272 Hedges Avenue (QLD), the Group's multi-storey projects are 10–15 storeys, thereby reducing delivery, market and funding risks for these projects.
- › Contribution from multi-storey development from ongoing settlements at Marina Concourse and the South tower at Magnoli Apartments. Both projects will continue to contribute through FY21 mitigating cost overruns and construction delivery risks.
- › Construction of multi-storey is now outsourced and externally delivered by third party builders.
- › Marketing costs are expensed ahead of revenue recognition which may be material with multi-storey projects.

## FUNDING AND CAPITAL

- › The Group completed its on market share buyback program acquiring 4.1 million shares for a total value of \$6.5 million, representing an average of \$1.60 per share for this period.
- › The Group's funding options remain diversified, with a note issue renewed for five years in October 2019 and a separate term debt facility with a four years until maturity, each for \$50 million.
- › Funding structures are aligned to match short, medium and longer term programs of the development portfolio.

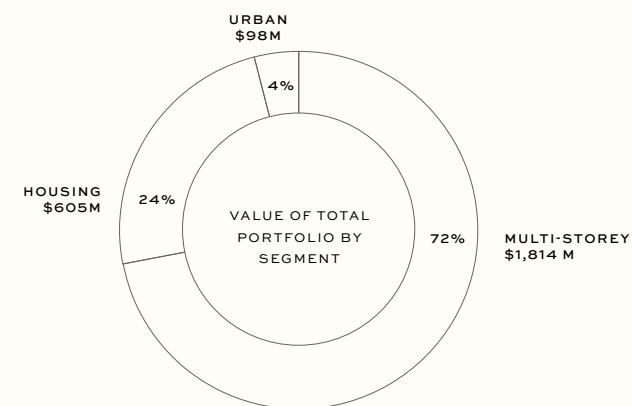
## KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2020

	\$M	FY20	FY19
TOTAL REVENUE		167.2	282.7
REVENUE – SALE OF PROPERTY		159.8	277.6
STATUTORY NET PROFIT BEFORE TAX		1.0	25.3
STATUTORY NET PROFIT AFTER TAX		2.4	17.7
UNDERLYING EARNINGS		16.4	26.7
EBIT (BEFORE INVENTORY ADJUSTMENTS)		27.1	48.9
INTEREST COVER (TIMES)		4.1	3.3
FINAL DIVIDEND (CENTS)		7.0	4.0
INTERIM DIVIDEND (CENTS)		-	4.0
SPECIAL DIVIDEND		3.0	-
TOTAL DIVIDENDS		10.0	8.0
<b>PERFORMANCE INDICATORS</b>			
DEVELOPMENT RETURN ON COST			
– LAND AND HOUSING		32%	28%
– MULTI-STOREY		16%	9%
– OVERALL		26%	25%

# Operational Review—Projects By Segment

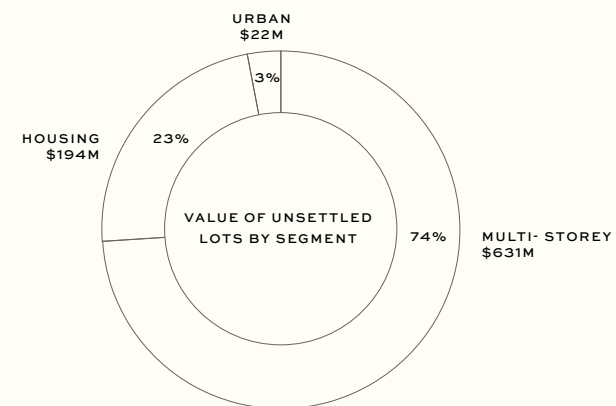
TOTAL DEVELOPMENT PORTFOLIO BY SEGMENT (AS AT 30 JUNE 2020)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	(\$M)	#	\$M	#	\$M
MULTI-STOREY	1,190	1,183	584	631	1,774	1,814
HOUSING	594	411	308	194	902	605
URBAN	430	75	70	22	500	98
<b>SUB-TOTAL</b>	<b>2,214</b>	<b>1,669</b>	<b>962</b>	<b>847</b>	<b>3,176</b>	<b>2,516</b>



PROJECTS UNDER CONSTRUCTION BY SEGMENT (AS AT 30 JUNE 2020)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
MULTI-STOREY	584	631	133	228	23%	36%
HOUSING	308	194	99	61	32%	32%
URBAN	70	22	28	7	40%	32%
<b>SUB-TOTAL</b>	<b>962</b>	<b>847</b>	<b>260</b>	<b>296</b>	<b>27%</b>	<b>35%</b>

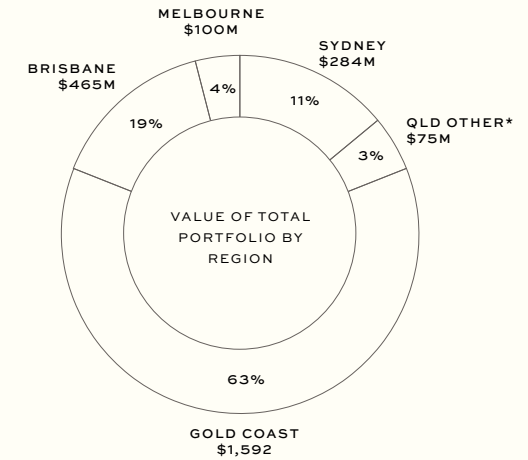


# Operational Review— Projects By Region

TOTAL DEVELOPMENT PORTFOLIO BY REGION (AS AT 30 JUNE 2020)

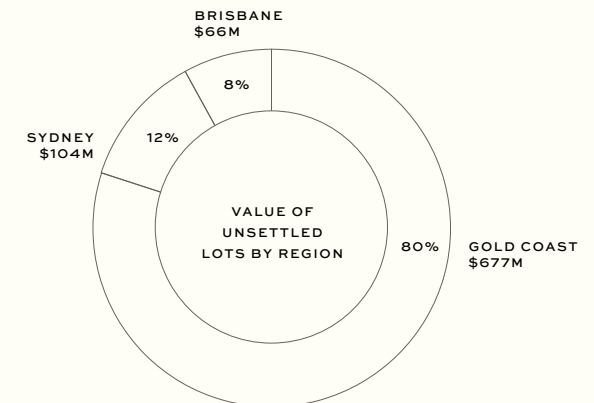
	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	\$M	#	\$M	#	\$M
BRISBANE	294	399	101	66	395	465
GOLD COAST	1,132	916	708	677	1,840	1,592
SYDNEY	171	179	153	104	324	284
MELBOURNE	187	100	-	-	187	100
QUEENSLAND - OTHER*	430	75	-	-	430	75
<b>SUB-TOTAL</b>	<b>2,214</b>	<b>1,669</b>	<b>962</b>	<b>847</b>	<b>3,176</b>	<b>2,516</b>

\* TOWNSVILLE AND SUNSHINE COAST



PROJECTS UNDER CONSTRUCTION BY REGION (AS AT 30 JUNE 2020)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
BRISBANE	101	66	86	54	85%	82%
GOLD COAST	708	677	170	239	24%	35%
SYDNEY	153	104	4	3	3%	3%
<b>SUB-TOTAL</b>	<b>962</b>	<b>847</b>	<b>260</b>	<b>296</b>	<b>27%</b>	<b>35%</b>



## OUTLOOK



# Outlook

**DUE TO THE COVID-19 PANDEMIC** the Board of Directors is moving cautiously with the delivery of the portfolio. Strategic readjustments have been made to operational requirements and administration costs aligned to the Group's activity.

**SUNLAND GROUP WILL CONTINUE** to assess opportunities to dispose of assets which are a premium to realise the inherent value of the balance sheet.

**SUNLAND GROUP'S PORTFOLIO** is strategically weighted to the owner-occupier market, with a particular focus on downsizers, first home buyers, and subsequent home buyers.

**THE GROUP'S MID-RISE PORTFOLIO** will continue to be developed as part of an integrated housing strategy that enables us to mitigate risk through staged delivery.

**CONCURRENTLY THE BOARD** will endeavour to sustain a dividend profile through this volatile period.

## PORTFOLIO DETAILS

# Development Portfolio

- ◇ Completed Projects
- ▲ Under Construction
- Future Portfolio

TOWNSVILLE ●  
◇ BAYSIDE - BUSHLAND BEACH  
URBAN DEVELOPMENT

○ GRACE ON CORONATION  
MULTI-STOREY

○ KENMORE RESIDENCES  
RESIDENTIAL HOUSING

◇ KIRKDALE RESIDENCES  
RESIDENTIAL HOUSING

▲ THE HILLS RESIDENCES  
RESIDENTIAL HOUSING

BRISBANE ●

GOLD COAST ●

▲ MONTAINE RESIDENCES  
RESIDENTIAL HOUSING

◇ MARAYLYA  
RESIDENTIAL HOUSING

○ INGLESIDE  
RESIDENTIAL HOUSING

▲ ARBOUR & PARK RESIDENCES  
RESIDENTIAL HOUSING

▲ 272 HEDGES AVENUE  
MULTI-STOREY

▲ MAGNOLI APARTMENTS  
MULTI-STOREY

▲ THE LANES RESIDENCES  
MULTI-STOREY

◇ THE HEIGHTS  
URBAN DEVELOPMENT

◇ MARINA CONCOURSE  
MULTI-STOREY

○ 180 MARINE PARADE  
MULTI-STOREY

○ GREENMOUNT RESIDENCES  
MULTI-STOREY

SYDNEY ●

MELBOURNE ●

○ CARRUM DOWNS  
RESIDENTIAL HOUSING

# Portfolio Completed or Under Construction

## PORTFOLIO COMPLETED OR UNDER CONSTRUCTION

	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)
<b>MULTI- STOREY</b>										
MARINA CONCOURSE, QLD	110	86	70	56	40	30	4	3	36	28
MAGNOLI APARTMENTS, QLD	210	153	64	45	146	108	37	27	109	81
THE LANES RESIDENCES, QLD	300	245	-	-	300	245	10	10	290	235
272 HEDGES AVENUE, QLD	98	248	-	-	98	248	82	188	16	60
SUB-TOTAL	718	731	134	100	584	631	133	228	451	403
<b>HOUSING</b>										
ARBOUR RESIDENCES, QLD	113	49	59	25	54	23	9	4	45	19
THE HILLS RESIDENCES, QLD	91	48	17	8	74	40	67	36	7	4
KIRKDALE RESIDENCES, QLD	33	33	6	7	27	26	19	18	8	8
MARAYLYA, NSW	15	13	1	1	14	12	1	1	13	11
MONTAINE RESIDENCES, NSW	139	92	-	-	139	92	3	2	136	90
SUB-TOTAL	391	235	83	41	308	194	99	61	209	133
<b>URBAN</b>										
THE HEIGHTS, QLD	499	159	429	137	70	22	28	7	42	15
SUB-TOTAL	499	159	429	137	70	22	28	7	42	15
<b>TOTAL PROJECTS COMPLETED OR UNDER CONSTRUCTION</b>	<b>1,608</b>	<b>1,125</b>	<b>646</b>	<b>278</b>	<b>962</b>	<b>847</b>	<b>260</b>	<b>296</b>	<b>702</b>	<b>551</b>

# Future Portfolio

## FUTURE PORTFOLIO

	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)
<b>MULTI-STOREY</b>										
GRACE ON CORONATION, QLD	206	333			206	333			236	315
THE LAKES, QLD	880	638			880	638			880	638
GREENMOUNT RESIDENCES, QLD	104	213			104	213			157	246
<b>SUB-TOTAL</b>	<b>1,190</b>	<b>1,183</b>			<b>1,190</b>	<b>1,183</b>			<b>1,273</b>	<b>1,199</b>
<b>HOUSING</b>										
INGLESIDE, NSW	171	179			171	179			171	179
KENMORE RESIDENCES, QLD	88	67			88	67			88	67
CARRUM DOWNS, VIC	187	100			187	100			187	100
THE HEIGHTS, QLD	148	65			148	65			148	65
<b>SUB-TOTAL</b>	<b>594</b>	<b>411</b>			<b>594</b>	<b>411</b>			<b>594</b>	<b>411</b>
<b>URBAN</b>										
BUSHLAND BEACH, QLD	430	75			430	75			430	75
<b>SUB-TOTAL</b>	<b>430</b>	<b>75</b>			<b>430</b>	<b>75</b>			<b>430</b>	<b>75</b>
<b>TOTAL PORTFOLIO TO BE RELEASED</b>	<b>2,214</b>	<b>1,669</b>			<b>2,214</b>	<b>1,669</b>			<b>2,214</b>	<b>1,669</b>
<b>TOTAL</b>					<b>3,176</b>	<b>2,516</b>				

# Project Settlement Timeline

PORTFOLIO UNDER CONSTRUCTION	FY21	FY22	FY23	FY24 & BEYOND
<b>MULTI-STOREY</b>				
272 HEDGES AVENUE, QLD				
MARINA CONCOURSE, QLD				
MAGNOLI APARTMENTS, QLD				
THE LANES RESIDENCES, QLD				
<b>HOUSING</b>				
ARBOUR RESIDENCES, QLD				
THE HILLS RESIDENCES, QLD				
KIRKDALE RESIDENCES, QLD				
MARAYLYA, NSW				
MONTAINE RESIDENCES, NSW				
<b>URBAN</b>				
THE HEIGHTS, QLD				

*NB: ANTICIPATED TIMING OF SETTLEMENTS SUBJECT TO DELIVERY PROGRAMS AND APPROPRIATE APPROVALS*

# Project Settlement Timeline

PORTFOLIO TO BE RELEASED	FY21	FY22	FY23	FY24 & BEYOND
<b>MULTI-STOREY</b>				
GRACE ON CORONATION, QLD				■
GREENMOUNT RESIDENCES, QLD				■
THE LAKES - FUTURE MIDRISE, QLD				■
<b>HOUSING</b>				
INGLESIDE - ELANORA, NSW				■
KENMORE RESIDENCES, QLD		■	■	
CARRUM DOWNS, VIC		■	■	
THE HEIGHTS, QLD	■	■		
<b>URBAN</b>				
BUSHLAND BEACH, QLD	■	■	■	
<b>DEVELOPMENT LAND UNDER CONTRACT</b>				
MARINERS, QLD	■	■		

*NB: ANTICIPATED TIMING OF SETTLEMENTS SUBJECT TO DELIVERY PROGRAMS AND APPROPRIATE APPROVALS*

Sunland Group