

Statement of Corporate Intent

FY 2021-22



Creating more affordable
and sustainable communities

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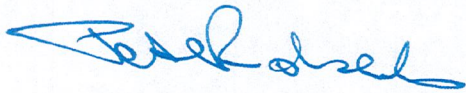
SCI Representation and Commitment
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Shareholder Agreement

Statement of Corporate Intent

Organisation: Landcom
Period: Commencing 1 July 2021

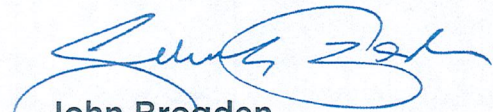
This Statement of Corporate Intent has been agreed between:



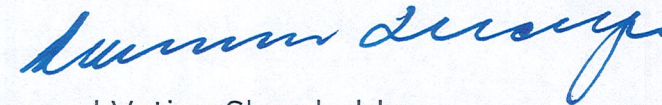
Peter Roberts
Chair
Landcom
on behalf of the Board



The Hon Matt Kean MP
First Voting Shareholder
Treasurer



John Brogden
CEO
Landcom



The Hon Damien Tudehope MLC
Second Voting Shareholder
Minister for Finance and Small Business



Thornton



Opening of Julia Reserve Skate Park at Oran Park Town

Objectives

Statutory Objectives

As a State Owned Corporation we operate under the Landcom Corporation Act 2001. Our activities are guided by the following objectives in the Act:

- a) To be a successful business and:
 - 1. to operate at least as efficiently as comparable businesses, and
 - 2. to maximise the net worth of the State's investment in it;
- b) to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate;
- c) To protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development;
- d) To exhibit a sense of responsibility towards regional development;
- e) To undertake, or assist the Government in

undertaking, strategic or complex urban development projects;

- f) To assist the Government in achieving its urban management objectives; and
- g) To be a responsible developer of residential, commercial and industrial land.

The first four apply to all State-Owned Corporations and the final three are specific to our Corporation.

In addition, we are under Ministerial Direction to:

- 1. Increase the affordability, supply and diversity of housing including at least 10% Affordable Housing across the portfolio by 2025; and
- 2. Lead the sector in providing high quality public spaces and seek to increase tree canopy cover as part of Landcom's developments.

Business Overview

Landcom is the NSW Government's **land and property development organisation**. We are a State Owned Corporation working with government, private and not-for-profit sectors to deliver **exemplary housing projects** that provide **social and economic benefits** to the people of NSW.

Landcom helps the NSW Government achieve its urban management objectives by taking a lead role in improving **the supply, diversity, accessibility and affordability of new housing**.

Our mission is to **create more affordable and sustainable communities**.



We are

the NSW government's
land and property
development
organisation



Our mission

is to create more
affordable and
sustainable
communities.



Our role

is to help the NSW
government achieve its
urban management
objectives.

Strategic Summary

We are guided by three strategic directions



Housing

Increase affordability, supply and diversity of new housing.



Partnerships

Partner with others to unlock development opportunities and improve delivery.



Leadership

Demonstrate excellence in sustainable development and planning practice.

Financial Summary

m's	2021-22 SCI	2022-23 Forecast	2023-24 Forecast
Sales Revenue	193.6	447.7	723.3
EBITDA	18.9	78.7	133.0
EBIT	13.9	73.8	128.2
Operating Profit Before Tax	14.1	73.0	125.3
Net Profit After Tax	9.9	51.1	87.7
CapEx	4.1	2.2	2.2
Forecast Dividend	6.9	35.8	61.4
Dividend Payout Ratio	70%	70%	70%

Performance Target Summary

Financial				Non Financial
KPI SUMMARY				• New projects to achieve 5% Affordable housing for rent and 5% Affordable mix from 2025. • Undertake government's urban management objectives as per Ministerial Statement of Priorities. • Demonstrate leadership in the delivery of Affordable, Diverse and Accessible Housing. • Create a sustainable pipeline of projects. • Maintain our global ranking in sustainability. • PMES Staff Engagement survey results at 70% or above. • Deliver Learning Plan and Talent & Succession Program. • HSE systems are in place on all projects and Landcom controlled sites to ensure HSE is working effectively.
m's	2021-22 SCI	2022-23 Forecast	2023-24 Forecast	
Sales Revenue	193.6	447.7	723.3	
Gross Margin	57.4	120.0	173.7	
EBIT	13.9	73.8	128.2	
Net Profit After Tax	9.9	51.1	87.7	
Return to Government - Tax	4.3	21.9	37.6	
Return to Government - Dividend	6.9	35.8	61.4	
Return to Government - GGF	0.0	0.5	1.6	
Return on Equity	2%	8%	13%	
Dwellings Settled	2,033	3,130	5,339	

Dividend Policy Agreement

Dividends for the 2021-22 financial year will be provided on the basis of dividend payout ratio target of 70% of distributable net profit after tax. The Shareholders' approval of the dividend to be declared is subject to the Voting Shareholders' consideration of the Board's recommended dividend for 2021-22, prior to 30 June 2022.

SCI Representation and Commitment Statement

The Board of Landcom confirms that:

- a. Key Performance Indicators within the 2021-22 SCI are based on, and supported by, the Corporation's Business Plan;
- b. The Voting Shareholders will be provided with financial and other information, including information on major capital expenditure projects, on a quarterly basis to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in the business;
- c. Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets;
- d. All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of Landcom for the coming year have been disclosed;
- e. Internal audit and risk management practices are consistent with standards recommended for Australian Securities Exchange (ASX) listed companies and, where appropriate, has applied any additional requirements that are set out in TPP15-03 Internal Audit and Risk Management Policy for the NSW Policy Sector; and
- f. The Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually with the next appraisal scheduled for 30 August 2020. The contract expires on 6 May 2022.

SCI Representation and Commitment Statement

- Landcom adheres to Commercial Policy Framework policies, as listed in State Owned Corporations: Applicable TPPs under the Commercial Policy Framework.
- Landcom complies with Treasury accounting circulars and policies applicable for State Owned Corporations.
- Landcom agrees to provide information during the year to Treasury, as the representative of the Voting Shareholders, as specified in the State-Owned Corporation Reporting Obligation Requirements.
- Landcom has agreed to comply with the requirements of Premier's Memoranda M2012-04 Application of NSW Public Sector Wages Policy 2011 to State Owned Corporations and further guidance contained in the Treasurer's January 2015 letter.



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