



Statement of Corporate Intent

FY 2023 - 2024





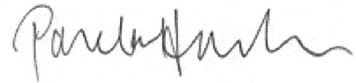
In the spirit of reconciliation, Landcom respectfully Acknowledges the Traditional Custodians of Country throughout NSW and recognises and respects their continuing cultural heritage, beliefs and connection to land, sea and community. We pay our respects to their Elders past, present and emerging. This land always was and always will be traditional Aboriginal land.

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Shareholder Agreement

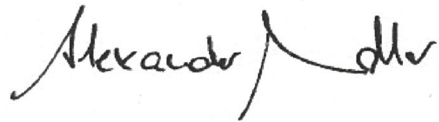
Statement of Corporate Intent



Professor Pamela Hanrahan
Deputy Chair
Landcom
on behalf of the Board



First Voting Shareholder
The Hon Daniel Mookhey, MLC
Treasurer



Alex Wendler
CEO
Landcom



Second Voting Shareholder
The Hon Courtney Houssos, MLC
Minister for Finance and Natural Resources

Landcom is working with the Government to formulate its revised Statement of Expectations to align with the Statement of Priorities received from the responsible Minister on 13 August 2023. Landcom will be focusing on the following key priority areas for the coming year:

- establish a sustainable and scalable Build-to-Rent program with pilot projects on the NSW South Coast and in the Northern Rivers Region in accordance with Government policy;
- demonstrate leadership in affordable housing through the delivery of an Affordable Housing Program. The program should deliver 1,800 affordable homes by 2029 in line with the NSW Government's commitment to the National Housing Accord, with a goal to deliver substantially more if provided access to surplus government land and relevant approvals;
- intensify Landcom's work to increase the supply, affordability and diversity of housing and achieve more sustainable communities by being the lead developer for surplus Government land and transacting with private landowners;
- continue to deliver leading sustainability outcomes across Landcom's portfolio to achieve shared social, environmental, and economic value, with all future developments being entirely electrified (no gas connections);
- expand the activities of Landcom to regional NSW with a focus especially on areas where the regional economy is impacted by low housing supply and/or low rental vacancy rates; and
- partner with NSW Government agencies on a commercial basis to deliver housing supply and improve housing affordability in accordance with Government policy and any relevant housing targets.

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 Landcom.

In addition, we were issued a Statement of Priority by the responsible Minister to:

- a) Establish a sustainable and scalable Build-to-Rent program with pilot projects on the NSW South Coast and in the Northern Rivers Region in accordance with Government policy;
- b) Demonstrate leadership in affordable housing through the delivery of an Affordable Housing Program. The program should deliver 1,800 affordable homes by 2029 in line with the NSW Government's commitment to the National Housing Accord, with a goal to deliver substantially more if provided access to surplus government land and relevant approvals;
- c) Intensify Landcom's work to increase the supply, affordability and diversity of housing and achieve more sustainable communities by being the lead developer for surplus Government land and transacting with private landowners;
- d) Continue to deliver leading sustainability outcomes across Landcom's portfolio to achieve shared social, environmental, and economic value, with all future developments being entirely electrified (no gas connections);
- e) Expand the activities of Landcom to regional NSW with a focus especially on areas where the regional economy is impacted by low housing supply and/or low rental vacancy rates; and
- f) Partner with NSW Government agencies on a commercial basis to deliver housing supply and improve housing affordability in accordance with Government policy and any relevant housing targets.

Business Overview



Who we are

We are a **commercial business** that **develops land** to achieve both **public outcomes** and **financial benefits** for the NSW Government and the people of NSW.



What we do

We supply **home sites** through the **delivery of sustainable masterplanned communities** and development projects, with a focus on **expanding the stock of affordable and diverse housing**.

We **enable development by de-risking and unlocking strategic and complex sites** in collaboration with landowners and the market.



Our ambition

We make a **positive difference** to people's lives in NSW by increasing the **supply, affordability and diversity of housing** and **creating sustainable communities**.

Financial summary

KPI Summary

Heading	2023-24 SCI (\$m's)	2024-25 Forecast (\$m's)	2025-26 Forecast (\$m's)
Sales Revenue	332.8	486.7	500.5
EBITDA	79.8	96.3	85.8
EBIT	76.7	92.9	82.2
Operating Profit Before Tax	79.7	94.6	83.1
Net Profit After Tax	55.8	66.2	58.2
CapEx	2.2	2.2	2.2
Forecast Dividend	39.1	40.0	40.7
Dividend Payout Ratio*	70%	60%	70%

**Dividend Payout Ratio in 2024-25 is per agreement with Treasury*

Performance target summary

Financial

KPI Summary

Heading	2023-2024 SCI (\$m's)	2024-2025 Forecast (\$m's)	2025-2026 Forecast (\$m's)
Sales Revenue	332.8	486.7	500.5
Gross Margin	129.0	147.4	128.7
EBIT	76.7	92.9	82.2
Net Profit After Tax	55.8	66.2	58.2
Return to Government - Tax	23.9	28.4	24.9
Return to Government - Dividend*	39.1	40.0	40.7
Return to Government - GGF	0.8	1.9	4.2
Return on Equity	8%	9%	8%
Dwellings Settled	3,581	3,871	4,042

*Return to Government - Dividend in 2024-25 is per agreement with Treasury

Performance target summary

Non-financial & Dividend Policy

Non financial KPIs

- Positively disrupt the delivery of affordable housing by ensuring:
 - All new projects in metropolitan areas to achieve minimum of 10% affordable housing, comprised of a minimum of 5% Affordable Rental Housing and a further minimum 5% to be a mix of affordable ownership and other housing products which improve affordability; and
 - New regional projects to achieve at least 20% affordable housing (minimum 10% Affordable Rental Housing) across Landcom's portfolio of regional projects by 2025, with a goal of 30% in regional NSW beyond that date subject to market conditions.
- Undertake government's urban management objectives as per Ministerial Statement of Priorities.
- Implement pilot 'Build to Rent' programs on the South Coast and Northern Rivers Region.
- Demonstrate leadership in the delivery of affordable, diverse and accessible housing.
- Create a sustainable pipeline of projects.

Non financial KPIs (continued)

- Maintain our global ranking in sustainability.
- Maintain Staff Engagement survey results at 70% or above.
- Deliver the Landcom Learning Plan aligned to Capability Framework and Workforce Plan gaps.
- Ensure Health, Safety & Environment systems are in place on all projects and Landcom controlled sites to ensure Health, Safety & Environment is working effectively.

Dividend Policy Agreement

Dividends for the 2023-24 financial year will be provided on the basis of dividend payout ratio target of 70% of distributable net profit after tax. Approval of the dividend to be declared is subject to the Voting Shareholders' consideration of the Board's recommended dividend for 2023-24, prior to 30 June 2024.

Performance target summary

Sustainability Performance Indicators (SPIs)

Performance Indicator	FY22 Performance	Long Term Target
Environmental		
All new projects achieve at least Australian Best Practice 5 Star Green GBCA certification.	64% of new projects in FY22 achieved 5+ Star Green Star certification	All new projects enable carbon neutral outcomes by 2028
Certified Carbon Neutral Organisation under the Climate Active Carbon Neutral Standard	Maintain certification	Maintain certification
Social		
Implement Reflect Reconciliation Action Plan (RAP)	Reconciliation Action Plan endorsed by Reconciliation Australia in FY22.	Achieve targets in employment outcomes, procurement and lay foundations for applying cultural design on Landcom projects
Meet the Aboriginal/Torres Strait Islander representation target	0.6%	3.3% by FY25
Gender diversity in senior leadership	43.6%	50% by FY25
Governance		
Board performance review	Conducted an internal evaluation in FY22	Internal and external reviews in alternating years

Please note the above indicators and performance reported is for the period of FY22, which is based on actual data and has been independently assured. Performance for FY23 will be made public c. October 2023 in Landcom's annual Sustainability Report.

Statement of Expectation (SoE) Action Plan

Expectation	Key Activities
Proactively communicate and engage with the Government to keep them informed of relevant matters of interest related to their accountabilities.	Regular Meetings with Treasury and the Minister of Planning.
Maintain the highest standards of governance, probity and integrity in line with government policies and community expectations.	No material breaches of Policies or Procedures.
Optimise business performance and deliver efficiencies to ensure it maximises sustainable returns to government without compromising service quality, community outcomes and safety.	Leases have been renegotiated. Fleet numbers have been reduced. Fitout design is underway to create larger more flexible spaces to reduce external hire.
Plan and manage operations in a way that is consistent with the Government's Net Zero Plan, including Stage 1 of that plan to fast-track emissions reduction over the next decade.	Plan in place to maintain certification.
Help support NSW communities to benefit from the economic and employment opportunities created by decarbonization.	New projects provide the economic and employment opportunities created by decarbonization in line with our Sustainable Places Strategy.
Monitor and report annually its activities against agreed sustainability reporting and climate risk disclosure frameworks.	All new projects contribute to the Sustainable Places Strategy.
Support diversity in its suppliers by considering procuring from small and medium enterprises, Aboriginal businesses, regional businesses, disability employment organisations, and social enterprises.	Implement a Procurement Reporting system to track performance across target groups. RAP plan in place that has procurement targets.
Assist small and medium enterprises to become more competitive by providing suitable feedback following unsuccessful tender bids.	Processes to be put in place to identify small and medium businesses and provide feedback when unsuccessful in tendering.

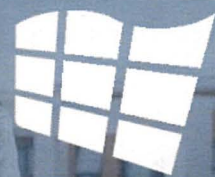
Statement of Expectation (SoE) Action Plan (cont'd)

Expectation	Key Activities
Ensure payments to all suppliers, but particularly small and medium enterprises, are made on time, and where possible, faster than the payment terms required.	Reminder to staff of the importance of processing payments quickly.
Support female workforce participation.	Employment practices in place that target gender diversity. Female participation at 52% (Target 50%).
Expand the focus of its business to regional NSW and build a portfolio of projects in regional NSW by mid-2024.	Identify and secure regional projects in NSW which have a minimum 20% affordable housing.
Raise the affordable housing target for both rental and freehold sales to at least 20 per cent across the portfolio of regional projects by 2025 with a goal of 30 per cent beyond that date, subject to market conditions beyond 2025.	Identify and secure regional projects in NSW which have a minimum 20% affordable housing moving to 30% beyond 2025 subject to market conditions.
Provide reasonable assistance, wherever commercially practicable, to the NSW Land and Housing Corporation with respect to the delivery of regional housing projects.	Participate in cross government forums on affordable housing and initiatives.
Partner with NSW Government development corporations and agencies, on a commercial basis, to deliver additional housing supply and improve housing affordability.	Progress the development of these sites in conjunction with OSL and Crown Lands initially and with other NSW Government organisations as appropriate opportunities arise.

Statement of Corporate Intent representation and commitment statement

The Board of Landcom confirms that:

- a) Key Performance Indicators within the 2023-24 Statement of Corporate Intent are based on, and supported by, Landcom'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 Statement of Corporate Intent 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, have applied any additional requirements that are set out in TPP20-08 Internal Audit and Risk Management Policy for the NSW Public Sector;
- f) The Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually;
- g) Landcom adheres to Commercial Policy Framework policies, as listed in State Owned Corporations: Applicable TPPs under the Commercial Policy Framework;
- h) Landcom complies with Treasury accounting circulars and policies applicable for State Owned Corporations;
- i) 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; and
- j) 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 for Award staff.



LANDCOM

