Sunland Group

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1983

26th February 2014

The Manager
Company Announcements
Australian Securities Exchange

Dear Sir/Madam,

SUNLAND ANNOUNCES HALF YEAR NET PROFIT OF \$2.97M AND INTERIM DIVIDEND OF 2 CENTS

The Board of Sunland (ASX:SDG) is pleased to advise its half yearly results, with highlights as follows:

- Net profit after tax of \$2.97m;
- Revenue of \$57.8m;
- Basic earnings per share of 1.7 cents;
- Group consolidated Net Tangible Asset increased 5 cents to \$1.92 per share;
- Gearing remains at appropriate levels with 21% debt to assets and 29% debt to equity;
- Strong and flexible balance sheet with \$9.6 million in cash reserves and \$86.5 million in undrawn credit lines;
- Strong forecast cash flow;
- Share buy-back program concluded during the period with the Group returning to a dividend payment regime;
- Final dividend for FY13 of 2 cents per share fully franked paid in September 2013;
- Directors have declared an interim dividend for FY14 of 2 cents per share fully franked.

Group maintained its strategic focus on:

- Capital management (with the conclusion of the share buy-back);
- Maintaining conservative gearing;
- Continued organic replenishment and strategic re-positioning of portfolio;
- Re-Introduction of dividend payment regime.

Operational highlights

- The Group achieved revenue of \$51.6m from 143 settlements from the land and housing segments;
- Strong forecast cash flow generated from existing projects;
- Surplus cash and utilization of debt facilities are being used to replenish the portfolio;
- Sunland's development portfolio comprises inventory of over 5,328 residential apartments, homes and land allotments with a combined end value of \$2.52 billion.

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The Group maintained its focus on the replenishment of its development portfolio with various acquisitions providing additional inventory of 2,197 products totaling \$82.1m (including \$7.0 million post balance date*)

	Yield	Anticipated Gross Realisation
	#	(\$m)
Land and Housing		
Maddison Estate, QLD	804	197.3
Hope Island, QLD	40	18.6
Ellanora, NSW	76	75.6
Kellyville, NSW	175	123.2
Kellyville, NSW*	60	42.5
Multi Story		
Varsity Lakes, QLD	392	144.0
Toowong, QLD	437	336.3
Labrador, QLD	213	111.0

With the Group's presence firmly established following the strategic acquisitions over the course of the past few years, Brisbane will serve as the new headquarters of the Group's operations commencing financial year 2015.

The first in a series of multi story projects, the Group's Abian Residences is scheduled to commence construction towards the middle of this year. Furthermore, projects in the preliminary design and approval stages are Toowong, Mariners Cove, Labrador and Varsity Lakes.

Capital Management and Dividend Regime

Sunland concluded the Group's share buy-back strategy during July 2013 with the purchase of 7.7 million shares for \$10.0 million. The program, which commenced during 2009, comprised a series of four tranches totaling 145.2 million shares for a value of \$118.0 million, representing an average of 81 cents per share. From the commencement of the share buy-back program issued shares have decreased from 323.6 million to 178.1 million representing a contraction of 45%. This has resulted in an increase to the Group NTA from \$1.20 in FY09 to the current \$1.92 representing an increase of 72 cents per share (60% increase).

The Group has returned to its dividend program and it is the Directors' intention to maintain a regular dividend payment regime, as announced during the October 2013 Annual General Meeting.

Development Operations

The Land and Housing portfolio contributed revenue of \$51.6 million from 143 settlements (FY12: \$77.4 million from 205 settlements). Major contributors were housing projects situated at Concourse Royal Pines, The Glades and The Pines (QLD), Parc, Kellyville (NSW) and Eton (VIC), together with land subdivision developments at Bushland Beach (QLD) and Bluestone Green (VIC).

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Sales activity has improved over the period, with the Group achieving 281 sales to the value of \$130 million (2012: 102 sales for value \$55.7 million). Contracted presales from projects that have been released across land, housing and multi story projects totals 417 for value of \$252 million as at February 2014.

Non Development Operations

The Group finalised its exit from its Dubai exposure (Nur, Waterfront 1 and Waterfront 2), through a sale of the projects' holding vehicles to a UAE based investor. The sale was for a nominal consideration.

The Group expensed legal costs of \$8.1m which included \$6.5m of the Respondents' costs awarded against Sunland in respect to the trial conducted in the Supreme Court of Victoria. This is an accumulation of several years' costs incurred by the Respondents during the course of the trial and expensed this period. The Court of Appeal has also awarded costs against Sunland in respect to the appeal. A claim is yet to be made by the Respondents and Directors will assess provisioning once a claim is submitted and the expense can be reliably measured.

Future Outlook

The Group looks forward to a positive year ahead and a stronger sales environment anticipated with the launch of several new projects in each State during the course of the calendar year, along with the conversion of 'expressions of interest' following the successful pre-launch of the luxury owner occupier tower Abian - Botanic Gardens, Brisbane.

Sunland Group is still on schedule for the delivery and settlement of projects to meet the Group's guidance of \$12m net profit for financial year June 30 2014.

Yours sincerely,

GRANT HARRISON
COMPANY SECRETARY