

Sunland Group

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25 February 2016

The Manager
Company Announcements
Australian Securities Exchange

Dear Sir/Madam,

SUNLAND GROUP ANNOUNCES FY16 HALF YEAR PROFIT OF \$3.2 MILLION AFTER TAX

- Net profit after tax of \$3.2M
- Fully franked interim dividend of 3 cents per share (1H 2015: 2 cents)
- Basic earnings per share 1.8 cents (1H 2015: 1.8 cents)
- \$40M in strategic site acquisitions in QLD and NSW
- Sound balance sheet with sound capacity; \$15.9M in cash and \$82.0M in undrawn credit lines
- Surplus cash utilised to replenish and deliver national portfolio
- Gearing remains at conservative levels, with 35% debt to assets and 60% debt to equity
- Strong forecast cash flow generated from Group portfolio in the second half of the year
- Construction of the luxury Abian tower in the Brisbane CBD is progressing through level 11, with the project entirely presold.

Leading property developer Sunland Group ('Sunland' or 'Group') today announced an after tax profit of \$3.2 million for the half year ended 31 December 2015 (1H 2015: \$3.3 million).

Sunland Managing Director, Sahba Abedian, said the result was in line with expectations, with the bulk of the Group's earnings weighted to the second half of the financial year as various house and land releases at The Lakes and The Heights (QLD), and Dahlia Residences (NSW), are delivered and settled.

The Group has confirmed full year earnings guidance after tax of between \$25 million and \$29 million.

Operational Highlights

Mr Abedian said improved operational efficiencies, above-average development margins and increasing property values offset a minor decrease in settlements during the period.

"Sunland generated revenue of \$79.9 million from 120 settlements during the first half of the financial year (1H 2015: 195 settlements totaling \$97.3 million)," Mr Abedian said.

"Based on our historical average, current market conditions and project delivery timeframes, the Group expects to achieve an estimated 380 settlements during the second half of the year."

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Major contributors from first half activities include Marina Residences, Concourse Villas, The Glades and Quays Hope Island (QLD), Dahlia Residences (NSW), Whyte Residences and Carré Residences (VIC).

“Contracts in hand now total 855 with a combined value of \$663 million, providing solid earnings visibility in the short to medium term,” he said.

“This includes sold out projects such as The Gardens in Victoria, which will commence the first stage of settlements in mid-2016, and the luxury Abian residential tower in the Brisbane CBD which is on schedule to settle in mid-2017.

“Sales activity is also expected to increase significantly during the second half of the year as the Group prepares to launch six new developments.”

Sunland launched six new projects during the first half of the year, including the Meliah and Parkway home collections at Sanctuary Cove, Magnoli Residences at Palm Beach, Ancora at Hope Island, Bayside at Bushland Beach, and the canal front land release at The Lakes in Mermaid Waters.

Mr Abedian said a sustained focus on operational efficiencies has enabled the Group to achieve an average return on development of 25%, well above the desired target of 20%, delivering increased profits across the portfolio.

A number of strategic site acquisitions during the first half of the financial year have also continued to replenish the portfolio, including the settlement of two prime development sites – one in St Lucia, west of Brisbane and the other in Warriewood in Sydney’s Northern Beaches. On 13 January 2016, post balance date, Sunland acquired its third site in Sydney’s Northern Beaches in Ingleside for \$7.25 million.

Sunland’s national portfolio currently comprises 6,000 residential housing, urban development and multi-storey products with a total end value of approximately \$3.7 billion, providing a sustainable pipeline of premium developments to be delivered primarily over the next five years.

Capital Management & Dividend

Directors have declared an interim dividend of 3 cents per share fully franked, to be paid 23 March 2016 (1H 2015: interim dividend of 2 cents per share).

Mr Abedian said the share buyback program, announced on 9 September 2015, is 87% complete with 15.5 million of 17.8 million shares purchased by the Group. This initiative continues to add long-term value to earnings per share and NTA, with an average price paid of \$1.59 representing a 23% discount to NTA. This has resulted in a 4 cent, or 2%, increment in the Group’s NTA per share.

Sunland’s capital management strategy remains focused on enhancing operational efficiencies across the business and reducing risk through product and geographic diversification.

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Future Outlook

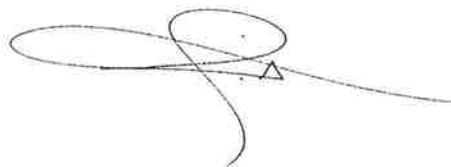
Mr Abedian said Australia's capital cities remain at contrasting stages in the property cycle and Sunland is maintaining a conservative, counter-cyclical approach to market conditions, staging project delivery to navigate cycles and mitigate risk.

"Despite the prevailing headwinds, we continue to see opportunities in specific market segments in Brisbane, the Gold Coast and Sydney's Northern Beaches and our recent acquisitions in these locations are expected to contribute to earnings growth in the short to medium-term," he said.

"They will be complemented by Sunland's return to the multi-storey sector, which now comprises more than one-third of our national portfolio and is expected to make significant contributions to earnings from 2017 onwards as key projects are delivered and settled."

Mr Abedian said Sunland's sound balance sheet, access to capital and cash flow forecast continue to provide a stable platform for improved profitability and sustainable shareholder returns.

Yours faithfully,

A handwritten signature in dark ink, featuring a large, stylized 'S' and 'A' that loop together, followed by a horizontal line and a small triangle at the end.

Sahba Abedian
Managing Director

Media contact: Sarah Dixon, National Communication Manager, 0418 748 892.