

Sunland Group

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22 February 2018

The Manager
Company Announcements
Australian Securities Exchange

Dear Sir/Madam,

SUNLAND GROUP ANNOUNCES FY18 HALF YEAR PROFIT OF \$20.7 MILLION AFTER TAX

- Net profit after tax of \$20.7M (1H 2017: \$5M)
- Fully franked interim dividend of 5 cents per share (1H 2017: 4 cents)
- Basic earnings per share 13.6 cents (1H 2017: 3.1 cents)
- Net tangible assets per share increased to \$2.47 (2017: \$2.39)
- \$5.5M strategic site acquisition in Brisbane
- Strong balance sheet capacity with \$17.8M in cash and \$183.8M in undrawn credit lines
- Gearing has reduced significantly, with 23% debt to assets and 35% debt to equity
- Strong forecast cash flow generated from existing projects

Leading property developer Sunland Group ('Sunland' or 'Group') today announced an after tax profit of \$20.7 million for the half year ended 31 December 2017, up 314% on the previous corresponding period (1H 2017: \$5.0 million).

Sunland Managing Director, Sahba Abedian, said the result represents an increase in the volume and value of settlements from its multi-storey and residential housing portfolios, and the ongoing contribution from the Group's retail holdings.

Mr Abedian said the bulk of the Group's earnings are attributed to the completion of its luxury Abian residential tower in the Brisbane CBD, with 98% of apartments now settled.

The Group has confirmed full year earnings guidance after tax of between \$27 million and \$30 million.

"This is a welcome result and validates the strategic repositioning of Sunland's portfolio in recent years," Mr Abedian said.

"We remain in a mode of focused delivery as we enter the second half of the 2018 financial year, with 14 residential housing and multi-storey developments at various phases of the construction cycle."

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Operational Highlights

Sunland generated revenue of \$191.6 million from 238 settlements during the period (1H 2017: \$95.4 million from 204 settlements). In addition to the large volume of settlements at Abian, major contributors to first half earnings include residential housing settlements at Magnoli Residences, The Terraces, The Heights, and Ancora (QLD).

The launch of Arbour Residences (QLD) and continued sales at Marina Concourse, The Heights, The Terraces, and Shea Residences (QLD) contributed to healthy sales activity during the period.

In total, 179 sales were completed in 1H18 to the value of \$92.7 million (1H 2017: 281 sales to the value \$200 million). Contracts in hand at 31 January 2018 total 408, with a combined value of \$328 million, providing solid earnings visibility in the short to medium-term.

The Group's projects in Sydney and Melbourne are presold and delivery continues at 18 MacPherson Street in Warriewood (NSW) and The Gardens in Chirnside Park (VIC).

Mr Abedian said Sunland plans to launch up to six new projects during the second half of FY18, including the 44-storey 272 Hedges Avenue residential tower in Mermaid Beach, and a terrace home collection at The Hills Residences in Brisbane, which have both received development approval.

The Group continued to replenish its development portfolio during the period with a strategic site acquisition in Chapel Hill, seven kilometres west of Brisbane, for \$5.5 million.

Sunland's portfolio comprises approximately 5,138 residential housing, urban development, and multi-storey products and an emerging retail portfolio, with a total end value of \$3.9 billion, providing a healthy pipeline of premium projects to be delivered over the course of the next eight years.

Capital Management & Dividend

Directors have declared an interim dividend of 5 cents per share fully franked, to be paid 21 March 2018 (1H 2017: interim dividend of 4 cents per share).

The Group has also provided full year dividend guidance of 11 cents per share overall, which would result in a final dividend of 6 cents per share fully franked.

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

"During 1H18 we have significantly reduced our gearing and our debt structures remain aligned to suit the capital requirements of Sunland's residential housing and multi-storey portfolio," Mr Abedian said.

During the half year period, the Group's share buyback program reduced the number of shares on issue by 2.1 million at an average price of \$1.72 per share, for a total value of \$3.6 million.

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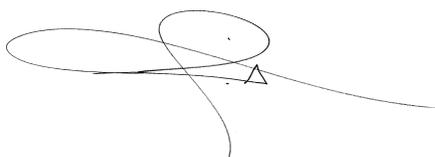
Future Outlook

Mr Abedian said strong cashflow generated from the settlement of residential projects, in addition to the Group's diversified income stream from retail assets, will continue to assist in the delivery and replenishment of the portfolio.

“Sunland’s conservative approach enables us to acquire and deliver strategic sites at opportune stages in the cycle, and release premium projects that best meet the needs of the evolving market place,” he said.

He said Sunland will continue to maintain a counter-cyclical approach to portfolio delivery and replenishment, with a focus on strategic sites in south-east Queensland and Sydney.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small triangle at the end.

Sahba Abedian
Managing Director

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