

Sunland Group

ESTABLISHED

1983

Group Presentation on
Interim Results Ending
31 December 2013

GROUP HIGHLIGHTS

- Statutory Net Profit After Tax :\$2.97 million
- Basic Earnings Per Share : 1.7 cents
- Group consolidated Net Tangible Assets per share of \$1.92 (increase of 5 cents)
- Strong and flexible balance sheet with \$9.6 million in free cash and \$86.5 million in undrawn credit lines
- New acquisitions total \$82.1 million (including an acquisition of \$7.0m post balance date)
- Balance Dubai exposure had been existed resulting in a contribution to net assets of 3.7 cents per share
- Share buy back completed and Group has returned to a dividend payment regime
- Interim dividend of 2 cents per share payable 27 March 2014.

DEVELOPMENT PORTFOLIO

- Group strategy is to ensure portfolio replenishment with acquisitions totalling \$60 million to \$70 million per annum
- New acquisitions of \$82.1 million were completed this period (including \$7.0 million post balance date) across land, housing and multi-story projects
- **New acquisitions include:** (Note projects are subject to final concept design and approval, so yields and gross realisation may change)

<u>Site/Project</u>	<u>Product</u>	<u>Purchase Price</u>	<u>Yield</u>	<u>Anticipated Gross Realisation</u>
Toowong, Brisbane	Multi-story	\$21.3m	437	\$336.3 million
Labrador, Gold Coast	Multi-story	\$ 2.9m	213	\$111.0 million
Hope Island, Gold Coast	Housing	\$ 1.8m	40	\$ 18.6 million
Varsity Lakes, Gold Coast	Multi-story	\$ 3.8m	392	\$144.0 million
Pimpama, Gold Coast	Land	\$19.3m	804	\$197.3 million
Ellanora, Sydney	Housing	\$12.9m	76	\$ 75.6 million
Kellyville, Sydney	Housing	\$13.1m	175	\$123.2 million
Kellyville, Sydney	Housing	\$ 7.0m	60	\$ 42.5 million

- A further project at Redland Bay, Brisbane was acquired through a debt instrument. The underlying security property was sold by the mortgagor and a profit of \$4.5 million was realised by the Group
- Development portfolio combines inventory of 5,328 apartments, homes and land allotments for a value of \$2.5 billion.

CAPITAL MANAGEMENT

- Share buy-back is now concluded following the acquisition of 7.7 million shares for \$10.0 million during this period
- As a result of the overall buy back program, the total number of issued shares have decreased from 323.6 million to 178.1 million representing a contraction of 45%. Net tangible assets per share have been greatly enhanced, increasing from \$1.20 in FY09 to the current \$1.92 (60% increase)
- The Group has commenced a dividend payment regime announcing an interim dividend FY14 of 2 cents per share. This follows a final dividend from FY13 of 2 cents per share, both fully franked
- Structures will continue to be assessed to manage the capital requirements of the Group and spread project and funding risks associated with the various projects
- Undrawn credit lines of \$86.5 million.

GROUP FUNDING

- Free cash and utilisation of borrowing capacity have funded the Group's portfolio replenishment
- Sufficient capacity with \$9.6 million cash and \$86.5 million of undrawn credit lines.
- Strong cashflow generated from existing projects also contributes to the Group's liquidity
- Gearing is currently at 21% debt to assets and 29% debt to equity. Housing and land portfolio will remain modestly geared
- Interest cover at 4.2 times
- Debt maturity profile 28 months. Bank facilities expiring December 2014 are project related. Part will be repaid with settlement proceeds and part will be renewed to continue funding existing projects.

OPERATIONAL RESULTS

- Sales activity improving. Total sales for the period were up significantly compared to the previous corresponding period with 281 for value of \$130 million
- Presales (conditional and unconditional) on released projects total 417 for value of \$252 million
- Revenue from land and housing portfolio totalled \$51.6 million from 143 settlements
- No revenue from multi-story segment as projects are in the design, approval or early construction phases. Marketing costs will be expensed in accordance with accounting standards ahead of recognising revenues
- Profit from housing and land activities totalled \$10.4 million after interest costs. EBIT margin 22%
- Other revenue mainly contains holding revenue from projects yet to commence development.

OPERATIONAL RESULTS

- Operational costs include legal expenses totalling \$8.0 million, primarily relating to Sunland's costs of the Victorian Supreme Court trial and appeal, and payment of \$6.5 million cost order awarded against Sunland in relation to the trial
- Costs have been awarded against Sunland for the appeal, however no claim has been received to date
- Cashflow generated from operating activities shows a net cash outflow of \$97.4 million. "Payment to Suppliers" includes acquisitions totalling \$75 million during the period, plus delivery costs of \$40 million funded ahead of recognising revenues. The shortfall is funded by surplus cash and bank finance lines.

CONSOLIDATED FINANCIAL POSITION

Assets	1H14	FY13
Cash	9.6	29.3
<i>Inventories</i>		
- Australia	428.9	335.8
- Dubai	-	43.1
- Total Inventories	428.9	378.9
PP & E	3.5	3.1
<i>Receivables</i>		
- Trade and Other	8.5	6.9
- Loans, Development Agreements	4.2	5.3
Total receivables	12.7	12.2
Other Assets	12.5	17.2
Total Assets	467.2	440.7
Liabilities		
Payables		
- Trades and Other	7.5	14.0
- Property Settlement Creditors	-	43.1
Total Payables	7.5	57.1
Interest Bearing Liabilities	98.8	12.0
Loans	2.0	1.9
Revenue Received in Advance	-	1.9
Other Liabilities	17.1	15.4
Total Liabilities	125.4	88.3
Equity		
Contributed Equity	195.7	205.7
Reserves	6.8	6.8
Retained Earnings	139.3	139.9
Total Equity	341.8	352.4

DUBAI EXPOSURE

- Balance of Dubai exposure was sold for a nominal sum
- Project vehicles sold held Sunland's 50% interest in joint venture projects Nur and Waterfront 1 and wholly owned project Waterfront 2
- The sale has resulted in a deconsolidation of the assets and liabilities recorded in the Group's balance sheet for each of the project vehicles
- Deconsolidating Dubai projects contributed to net assets through a restatement of \$4.6 million of retained earnings in respect to the joint venture vehicles and a profit of \$1.9 million for the wholly owned project vehicle.

OUTLOOK

- Market sentiment is improving across operational development segments
- Strong presales recorded on portfolio
- The Group will continue to focus on its capacity to replenish its portfolio
- As announced at the October 2013 Annual General meeting, the Group has decided to move towards a return to its dividend payment regime
- FY14 guidance remains at NPAT \$12 million

		Unsettled Lots		Contracted Lots		Unsold Lots	
AUSTRALIA		(#)	(\$m)	(#)	(\$m)	(#)	(\$m)
PROJECTS UNDER CONSTRUCTION							
MULTI STOREY		231	289.7	28	16.6	203	273.1
HOUSING		637	368.1	318	180.0	319	188.1
URBAN		896	127.1	50	8.4	846	118.76
SUNLAND DIVERSIFIED LAND FUND 2		121	25.7	-	-	121	25.7
SUB-TOTAL		1885	\$810.6	396	\$205.0	1489	\$605.6
PROJECTS TO BE RELEASED							
MULTI STOREY		1341	893.3	-	-	1341	893.3
HOUSING		827	501.0	-	-	827	501.0
URBAN		1275	317.3	-	-	1275	317.3
SUB-TOTAL		3443	\$1711.6	-	-	3443	\$1711.6
TOTAL PROJECTS		5328	\$2522.2	396	\$205.0	4932	\$2317.2

PROJECTS UNDER CONSTRUCTION	Yield		Settled Lots		Unsettled Lots		Contracted Lots		Unsold Lots	
	(#)	(\$m)	(#)	(\$m)	(#)	(\$m)	(#)	(\$m)	(#)	(\$m)
MULTI STOREY										
Abian	147	235.9	-	-	147	235.9	-	-	147	235.9
Royal Pines - Marina Residences	84	53.5	-	-	84	53.8	28	16.6	56	37.2
SUB-TOTAL	231	289.7	-	-	231	289.7	28	16.6	203	273.1
HOUSING										
Royal Pines - The Concourse Golf	20	26.5	18	23.8	2	2.7	2	2.7	-	-
Royal Pines - One Tree Hill	29	35.2	20	21.4	9	13.8	1	1.6	8	12.2
Sanctuary Cove, QLD	118	110.9	73	67.4	45	43.5	-	-	45	43.5
The Glades - Medinah, QLD	30	23.9	20	12.4	10	11.5	-	-	10	11.5
The Glades - North Hill, QLD	80	40.2	76	38.0	4	2.2	3	1.6	1	0.6
The Glades – Peninsula, QLD	77	42.4	-	-	77	42.4	53	29.4	24	13.0
The Pines, QLD	81	30.7	42	16.0	39	14.7	16	6.1	23	8.6
Chancellor Residences Lot 1P	58	32.9	-	-	58	32.9	58	32.9	-	-
Whyte – Chancellor Residences Lot 21N Pavilions, QLD	68	39.1	-	-	68	39.1	57	32.8	11	6.3
The Parc Balmoral, NSW	210	118.7	83	46.3	127	72.4	127	72.4	-	-
SUB-TOTAL	988	601.6	351	233.5	637	368.1	318	180.0	319	188.1
URBAN										
Bushland Beach, QLD	1,505	207.8	695	94.9	810	112.9	7	1.1	803	111.8
Amytis, NSW	14	7.1	12	6.1	2	1.0	1	0.5	1	0.5
Chancellor, VIC	397	152.6	397	152.6	-	-	-	-	-	-
Bluestone, VIC	697	99.5	613	86.3	84	13.2	42	6.8	42	6.4
SUB-TOTAL	2613	467.0	1717	339.9	896	127.1	50	8.4	846	118.7
SUNLAND DIVERSIFIED LAND FUND 2										
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Bushland Beach SDLF2	212	41.6	91	15.9	121	25.7	-	-	121	25.7
SUB-TOTAL	212	41.6	91	15.9	121	25.7	-	-	121	25.7
TOTAL PROJECTS UNDER CONSTRUCTION	4044	\$1399.9	2159	\$589.3	1885	\$810.6	396	\$205.0	1489	\$605.6

PROJECTS TO BE RELEASED	Yield		Settled Lots		Unsettled Lots		Contracted Lots		Unsold Lots	
	(#)	(\$m)	(#)	(\$m)	(#)	(\$m)	(#)	(\$m)	(#)	(\$m)
MULTI STOREY										
Mariners Cove, QLD	209	240.0	-	-	209	240.0	-	-	209	240.0
Varsity Lakes, QLD	392	144.0	-	-	392	144.0	-	-	392	144.0
Toowong, QLD	437	336.3	-	-	437	336.3	-	-	437	336.3
1 Marine Pde, QLD	213	111.0	-	-	213	111.0	-	-	213	111.0
Royal Pines – Marina Village	90	62.0	-	-	90	62.0	-	-	90	62.0
SUB-TOTAL	1341	893.3	-	-	1341	893.3	-	-	1341	893.3
HOUSING										
Hope Island, QLD	40	18.6	-	-	40	18.6	-	-	40	18.6
Royal Pines – Concourse Villas QLD	76	58.3	-	-	76	58.3	-	-	76	58.3
The Gardens - Chirnside, VIC	176	86.0	-	-	176	86.0	-	-	176	86.0
Chancellor Residences Lot 1M, VIC	45	26.2	-	-	45	26.2	-	-	45	26.2
Dahlia, NSW	175	123.2	-	-	175	123.2	-	-	175	123.2
Ellanora, NSW	76	75.6	-	-	76	75.6	-	-	76	75.6
Carre, Springvale, VIC	239	113.1	-	-	239	113.1	-	-	239	113.1
SUB-TOTAL	827	501.0	-	-	827	501.0	-	-	827	501.0
URBAN										
Maddison Estate, QLD	804	197.3	-	-	804	197.3	-	-	804	197.3
Adresse, VIC	471	120.0	-	-	471	120.0	-	-	471	120.0
SUB-TOTAL	1275	317.3	-	-	1275	317.3	-	-	1275	317.3
TOTAL PROJECTS TO BE RELEASED	3443	\$1711.6	-	-	3443	\$1711.6	-	-	3443	\$1711.6