

Sunland Group

ESTABLISHED

1983

28 August 2012

The Manager
Company Announcements
Australian Securities Exchange

Dear Sir/Madam,

SUNLAND GROUP ANNOUNCES FULL YEAR PROFIT OF \$14.5 MILLION

- Statutory net profit after tax of \$14.5 million a decrease of 32% from previous year net profit \$21.4million
- Basic Earnings per share of 7.2 cents
- Group consolidated Net Tangible Assets of \$1.79 per share. An increase from \$1.55 on the previous corresponding period (30 June 2011) and represents a net increase of 24 cents (7.2 cents basic earnings per share and approximately 16.8 cents uplift from the share buy-back)
- The Group continued with the share buy-back program following shareholders' approval at the 2011 AGM to acquire a further 48 million shares. The Group has 193.2 million shares on issue as at 30 June 2012, with an additional 43.2 million shares intended to be purchased under the current share buy-back program
- Focus remains on the residential housing sector across South East Queensland, Sydney and Melbourne
- Continued solid cash flow forecast from the delivery and settlements of the existing portfolio
- Balance sheet is resilient with a strong cash balance of \$31.1 million and further undrawn credit lines of \$104 million
- Group maintains modest and conservative gearing of 8% debt to assets and 11% debt to equity
- No interim dividend declared as the Group continues its ongoing capital management initiatives under the share buy-back program to bring the Shares on Issue to 150 million.

Sunland Group Limited (ASX: SDG) has reported a Net Profit AfterTax (NPAT) of \$14.5 million for the full year ended 30 June 2012.

Sunland Managing Director, Sahba Abedian said the Group's residential portfolio performed soundly across all geographic markets and portfolio segments in 2011-2012, with 398 unconditional presales totalling \$189.8 million as at 30 June 2012."

"Despite the sound sales result, the Group noticed an increased softening in the market across all regions towards the end of the financial year. This continued weakness in market conditions has encouraged the Group to pursue its strong fiscal discipline, through capital management initiatives which include the fourth tranche of the share buy-back, the maintenance of conservative gearing levels and replenishment of the Group's portfolio through selective acquisitions in key markets, he said."

"Ongoing global financial volatility, coupled with constraints imposed on housing affordability, has seen further credit tightening and the escalation of pricing moderation across key markets."

"As the market continues to weaken, with subdued sentiment from investors and owner occupiers, it requires a tighter focus across all operational platforms to ensure the Group maintains and delivers a forward thinking approach to its development projects".

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SUNLAND GROUP LIMITED ABN 65 063 429 532

Sunland Group

Australian portfolio

The Australian residential portfolio achieved 503 sales and 552 settlements across the Eastern seaboard of Australia for the financial year ending 2012, contributing \$174.2m in revenue. During the previous corresponding period the Group achieved 536 sales and 672 settlements (30 June 2011).

Major profit contributors from the residential projects included Royal Pines, The Glades and Cassia (Qld) and Eton (Vic), together with urban developments at Chancellor and Bluestone Green (Vic).

Sunland has a robust residential house and land portfolio comprising an inventory of 2,889 dwellings and land allotments, with an end value in excess of \$1.1 billion.

The multi-storey portfolio inventory is excluded from the above numbers as many of the key projects are still undergoing approval processes. This includes the Brisbane CBD Carrington high-rise site in its final stages of design, with market release anticipated in mid-2013. Further, the Mariner's Cove site acquired during the past financial year, is recognised as a significant project for the Group, with the opportunity to develop an iconic precinct on the Gold Coast's Broadwater. Conceptual plans for the prestigious waterfront site are still in the early stage of design.

Dubai

As part of the exit from the Dubai operations, on October 17 2011, the Group announced its agreement with Enshaa Group to exchange ownership in its Dubai projects (Palazzo Versace Dubai and D1) for 100% ownership of Palazzo Versace Gold Coast. The transaction resulted in the deconsolidation of all Enshaa Group joint ventures with Palazzo Versace Dubai, D1 Dubai, the construction joint venture with Arabtec and the administrative arm related to the Dubai operations. Palazzo Versace Gold Coast is now wholly owned by Sunland Group.

Remaining land holdings include 'Nur' and 'Waterfront 1', which are 50% owned by Sunland and 'Waterfront 2' which is wholly owned by Sunland. These projects are not active and will continue to be proportionally consolidated.


Future outlook

In the year ahead, the Group reiterates its focus on capital management initiatives while the market continues to be unsettled by global and local economic uncertainty. Until the market returns to a more stabilised and confident position, the Group maintains its view on enhancing shareholder value with a view of returning to a dividend payment program in the future.

Mr Abedian said the Board and Executive Management are committed to a strategy over the next financial year that reinforces an approach that will strengthen the Group's foundations for continued growth in the years ahead.

Sunland Group Limited will hold its Annual General Meeting at 10.30am (Brisbane Time) on Friday 26 October, 2012 at Palazzo Versace Hotel, 94 Seaworld Drive, Main Beach, Queensland.

Yours faithfully,



**SAHBA ABEDIAN
MANAGING DIRECTOR**

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