

Sunland Group

FULL YEAR RESULTS 2018

TO BE READ IN CONJUNCTION WITH THE GROUP'S FINANCIAL REPORT

GROUP OVERVIEW AND
DEVELOPMENT PORTFOLIO

THROUGHOUT SUNLAND'S 35-YEAR HISTORY, OUR DESIRE TO CONTRIBUTE TO THE CREATION
OF VIBRANT COMMUNITIES HAS SET US ON A PATH OF LEARNING AS WE EXPLORE HOW
ARCHITECTURAL EXCELLENCE AND BEAUTY CAN DEFINE, SHAPE, AND ENGAGE THE URBAN
FABRIC OF COMMUNITY LIFE AND CONTRIBUTE TOWARDS BETTERMENT FOR ALL.

Group Narrative & Key Milestones

CHAPTER ONE 1983—1990	CHAPTER TWO 1991—1999	CHAPTER THREE 2000—2005	CHAPTER FOUR 2006—2009	CHAPTER FIVE 2010—2017	CHAPTER SIX 2018—BEYOND
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PIONEERING YEARS	CREATIVE INNOVATION	NATIONAL EXPANSION	GLOBAL GROWTH	STRATEGIC EVOLUTION	NEW HORIZONS
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[1983] 27 CABANA BOULEVARD
Sunland's journey commenced in 1983 with the creation of a single luxury home, imbued with a pioneering spirit and a tapestry of innovation, to culminate in a singularly unique design.

[1987] SANCTUARY COVE
Delivered the waterfront villas in Australia's first integrated tourism resort.

[1988] MALIBU
A curvilinear form defines the first multi-story residential tower.

[1991] GAVEN HEIGHTS
Enters the field of urban development with the Group's first master planned residential community.

[1995] LISTS ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX)

[1996] CARMEL BY THE SEA
The Group's second major residential tower.

[1997] SOMERSET PLACE
Introduces first urban "artscape" concept within a master planned community.

[1998] LEGENDS HOTEL
Enters tourism sector with the introduction of first hotel.

[1998] SIGNS HEADS OF AGREEMENT WITH GIANNI VERSACE
To create world's first fashion branded hotel experience – Palazzo Versace.

[2000] OPENING OF PALAZZO VERSACE
[2000] ESTABLISHED VICTORIAN OFFICE

[2001] PARKLAKE
Creates the largest children's playground within an Australian residential community.

[2000] BERWICK SPRINGS
The Group enters urban development in Victoria.

[2002] SOVEREIGN MANORS
First residential estate in Victoria.

[2003] ESTABLISHED SUNLEISURE
Hotel & retail management operations.

[2004] SUNKIDS
Innovates early childcare education.

[2004] ESTABLISHED SYDNEY OFFICE

[2004] ENTERS ASX 200 INDEX
[2005] Q1
Opens world's tallest residential tower—322.5m high.

[2005] YVE
First residential highrise in Melbourne awarded the RAI A Medal of Architecture.

[2006] ESTABLISHED INTERNATIONAL OPERATIONS IN DUBAI

[2006] PALAZZO VERSACE WORLDWIDE
Enters into an exclusive agreement With the house of Versace for global rollout of Palazzo Versace worldwide.

[2007] CIRCLE ON CAVILL
First major inner city mixed use residential highrise.

[2007] SUNLAND FOUNDATION
Clem Jones - Sunland Leukaemia Village opens.

[2008] VIRGIN BLUE HEADQUARTERS
Sunland awarded to create the Virgin Blue headquarters.

CONSOLIDATION
Sunland strategically emerges from the Global Financial Crisis with low gearing, surplus cash and capital management initiatives.

[2013] Sunland celebrates its 30 year anniversary and establishes its new Brisbane operations.

[2013] Return to multi-storey sector with Marina Residences (QLD) and Abian (QLD).

[2014] CAPITAL MANAGEMENT
Share buyback through FY15 and FY16 which halves the issued capital at an average price of 89 cents per share a significant discount to NTA.

[2014] Completion of strategic exit of international operations.

[2015] Celebrates 20 years as a listed entity on the ASX.

[2016-17] SUSTAINABLE GROWTH
Continued focus on capital management including share buy back and dividend strategy, as well as appropriate debt structures. Strategic site acquisitions in prime locations targeting owner occupiers continues to be the focus.

[2017] ABIAN
First Brisbane high rise completed.

2018 BEYOND
As we advance towards new horizons within an ever-changing urban landscape, we are cognisant of the need for transformative practices in the field of residential development. At the heart of this endeavour is an exploration of the processes and systems that contribute to the built form and urban environments and towards betterment.

National Portfolio

THE GROUP'S PORTFOLIO COMPRISES 4,977 RESIDENTIAL HOMES, URBAN LAND LOTS, MULTI-STOREY APARTMENTS, AND 27,000SQM OF RETAIL, REPRESENTING \$3.6 BILLION.*

MULTI-STOREY	RESIDENTIAL HOUSING	URBAN	TOTAL	RETAIL	TOTAL PORTFOLIO
#	#	#	#	M ²	
2,436	1,226	1,315	4,977	27,146	
\$M	\$M	\$M	\$M	\$M	\$B
2,219	886	269	3,375	248	3.6

*THIS FIGURE IS BASED UPON OBTAINING APPROVALS FROM LOCAL AND STATE AUTHORITIES ON VARIOUS DEVELOPMENT APPLICATIONS SUBMITTED

FY18 Key Results

SUNLAND IS WELL POSITIONED TO CAPITALISE ON THE DELIVERY OF STRATEGIC SITES, PARTICULARLY IN SOUTH-EAST QUEENSLAND AND ACROSS THE GROUP'S SUBSTANTIAL MULTI-STOREY DEVELOPMENT PORTFOLIO.

SOLID FINANCIAL RESULTS DESPITE SLOWING SALES AND SETTLEMENTS DUE TO THE CURRENT FINANCIAL ENVIRONMENT

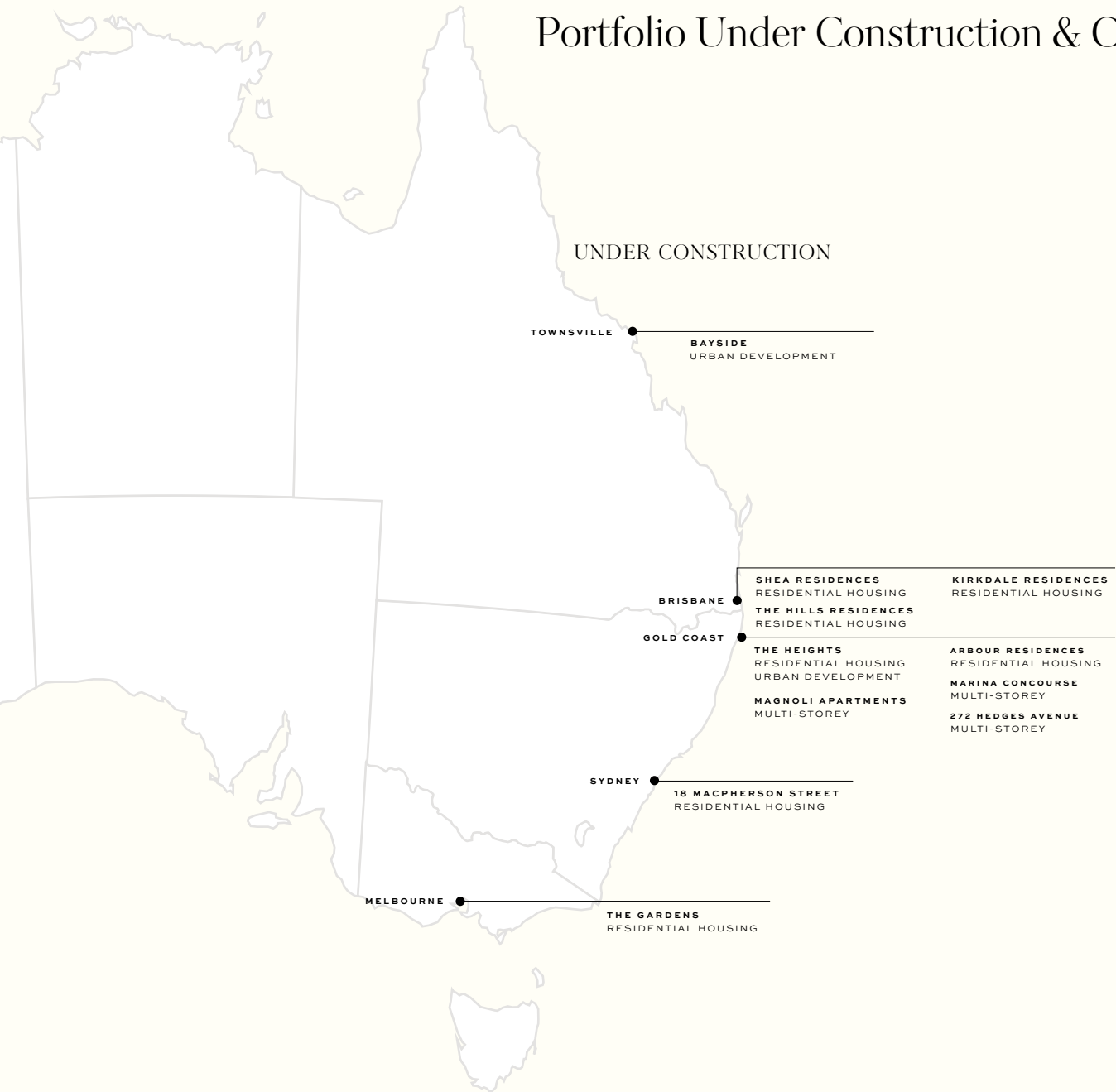
- › Statutory Net Profit After Tax of \$31.3 million (2017: \$35.3 million).
 - › Earnings per share 21.0 cents¹.
 - › Total value of fully franked dividends 11cps comprising:
 - Interim 5cps paid March 2018
 - Final 6cps payable September 2018.
 - › 304 sales and 425 settlements (2017: 524 sales and 674 settlements).
 - › Contracted lots in hand total \$314.3 million.
 - › Group consolidated Net Tangible Assets per share of \$2.50 (2017: \$2.39)¹.
- ### CAPITAL MANAGEMENT REMAINS A FOCUS, BALANCING SHARE BUY BACK, DIVIDENDS, PORTFOLIO REPLENISHMENT AND LEVERAGE IN DELIVERING PROJECTS
- › \$32 million in new site acquisitions:
 - Chapel Hill (QLD): \$5.9M
 - Kenmore (QLD): \$13.1M
 - Carrum Downs (VIC): \$13.0M (committed)
 - › Gearing 29% debt to assets; 48% debt to equity.
 - › Balance sheet provides capacity as at 30 June 2018 of \$10.6 million in cash and \$156 million in undrawn working capital.

1. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2018

	UNIT	FY18	FY17	% CHANGE
STATUTORY NPAT	\$M	31.3	35.3	-11%
EARNINGS PER SHARE	CENTS	21.0	23.1	-9%
ORDINARY DIVIDENDS PER SHARE	CENTS	11.0	8.0	38%
SPECIAL DIVIDENDS PER SHARE	CENTS	-	2.0	
INTEREST BEARING DEBT	\$M	177.4	218.1	
TOTAL ASSETS	\$M	606.4	651.2	
EQUITY	\$M	371.4	363.8	
NET TANGIBLE ASSETS PER SHARE	\$	2.50	2.39	
GEARING [DEBT TO TOTAL ASSETS]	%	29%	34%	
GEARING [DEBT TO EQUITY]	%	48%	60%	
SALES				
VALUE	\$M	170.0	376.4	-55%
VOLUME	#	304	524	-42%
AVERAGE PRICE	\$K	560.0	718.3	
SETTLEMENTS				
VALUE	\$M	290.4	394.3	-27%
VOLUME	#	425	674	-37%
AVERAGE PRICE	\$K	683.3	585.0	

Portfolio Under Construction & Coming Soon



FUTURE RELEASES

BRISBANE

KENMORE
RESIDENTIAL HOUSING

GRACE ON CORONATION
MULTI-STOREY

GOLD COAST

THE LANES RESIDENCES
MULTI-STOREY

GREENMOUNT RESIDENCES
MULTI-STOREY

THE LANES
RETAIL

MARINE PARADE
MULTI-STOREY

SYDNEY

MONTAINE RESIDENCES
RESIDENTIAL HOUSING

INGLESIDE
RESIDENTIAL HOUSING

MONVALE
RESIDENTIAL HOUSING

MELBOURNE

CARRUM DOWNS
RESIDENTIAL HOUSING

FINANCIAL & OPERATIONAL REVIEW

Financial Performance

PORTFOLIO

- › Projects are strategically focused on targeting the owner-occupier market, with a particular focus on first home buyers and downsizers.
- › Longer approval timeframes and community sensitivity to new developments are impacting project releases and commencement.

RESIDENTIAL HOUSING AND URBAN DEVELOPMENT

- › Residential housing and urban development continue to provide a sound earnings profile and are strategically complemented by the multi-storey portfolio.
- › Return on cost 24%, exceeding the Group's target of 20%.
- › The land and housing portfolio is generally leveraged to 35% of inventory value.

MULTI-STOREY

- › With the exception of 272 Hedges Avenue (QLD), the Group's multi-storey projects are 10–15 storeys, reducing delivery, market and funding risks for these projects.
- › Contribution from multi-storey development in FY18 with the finalisation of Abian settlements.
- › Contribution from this segment will continue through to FY19 with Marina Concourse settlements.
- › Marketing costs are expensed ahead of revenue recognition which may be material with multi-storey projects.

FUNDING AND CAPITAL

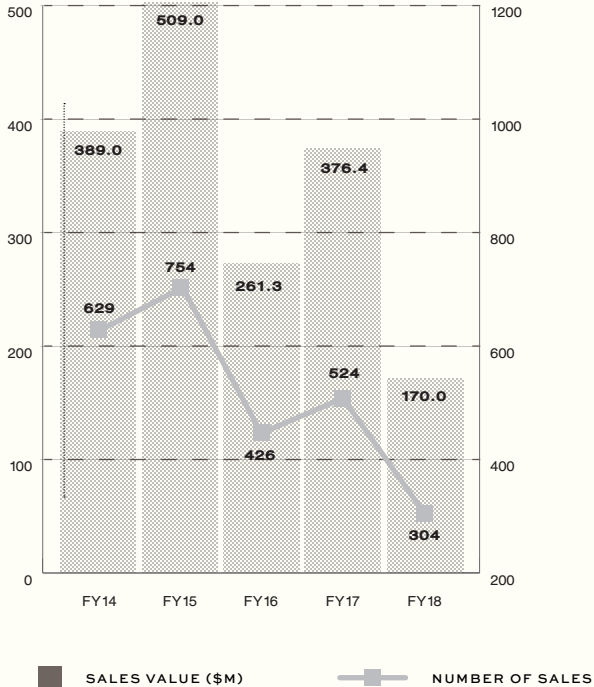
- › The Group continued its share buy back program acquiring 3.8 million shares for a total value of \$6.7 million, representing an average of \$1.75 per share.
- › The Group's funding options have broadened and strengthened, with a five year note issue and five year term debt each for \$50 million.
- › Funding structures are aligned to match short, medium and longer term programs of the development portfolio.
- › Cashflow generated from operations totalled \$63.9 million (after funding acquisitions) providing capacity for continual delivery of the portfolio.

KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2018

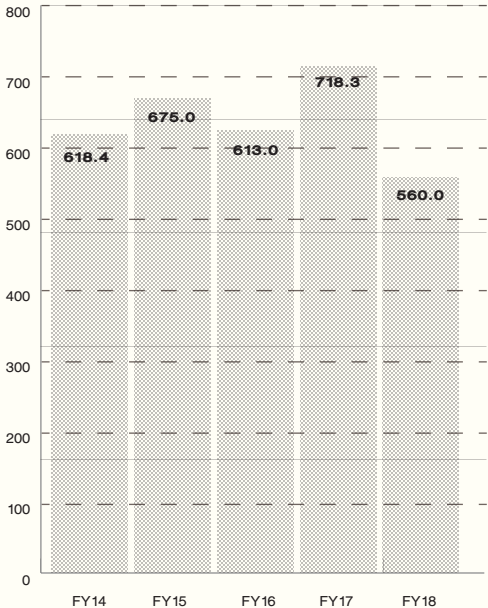
	\$M	FY18	FY17	% CHANGE
TOTAL REVENUE		298.7	405.5	-26%
REVENUE – SALE OF PROPERTY		290.4	394.3	-26%
STATUTORY NET PROFIT BEFORE TAX		43.3	50.0	-13%
LESS: TAX EXPENSE		12.1	14.7	-18%
STATUTORY NET PROFIT AFTER TAX		31.3	35.3	-11%
EBIT		51.9	63.8	-19%
INTEREST COVER (TIMES)		6.3	4.7	30%
FINAL DIVIDEND (CENTS)		6.0	4.0	50%
INTERIM DIVIDEND (CENTS)		5.0	4.0	25%
SPECIAL DIVIDEND (CENTS)		-	2.0	-
TOTAL DIVIDENDS		11.0	10.0	10%
PERFORMANCE INDICATORS				
DEVELOPMENT RETURN ON COST				
– LAND AND HOUSING		24%	20%	
– MULTI-STOREY		22%	21%	
– OVERALL		24%	20%	
RETURN ON EQUITY: BEFORE TAX		12%	14%	
RETURN ON EQUITY: AFTER TAX		9%	10%	
BASIC EPS GROWTH		-8%	19%	

Operational Review—Sale of Properties

HISTORICAL SALES VALUE AND VOLUME (YEAR ENDING 30 JUNE 2018)



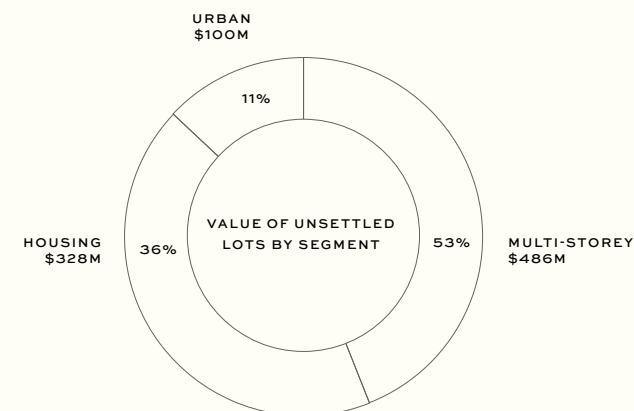
AVERAGE SALE PRICE (YEAR ENDING 30 JUNE 2018)



Operational Review—Projects Under Construction

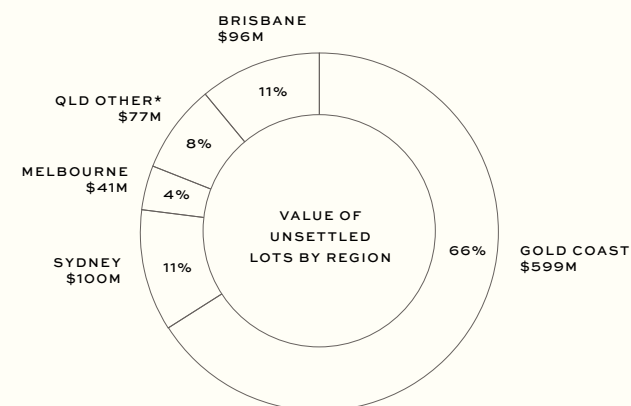
PROJECTS UNDER CONSTRUCTION BY SEGMENT (AS AT 30 JUNE 2018)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
MULTI-STOREY	416	486	78	62	19%	13%
HOUSING	447	328	254	236	57%	72%
URBAN	509	100	49	17	10%	17%
SUB-TOTAL	1,372	914	381	314	28%	34%



PROJECTS UNDER CONSTRUCTION BY REGION (AS AT 30 JUNE 2018)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
BRISBANE	119	96	36	51	30%	53%
GOLD COAST	641	599	184	122	29%	20%
SYDNEY	79	100	79	100	100%	100%
MELBOURNE	81	41	81	41	100%	100%
QUEENSLAND - OTHER*	452	77	1	1	0%	1%
SUB-TOTAL	1,372	914	381	314	28%	34%

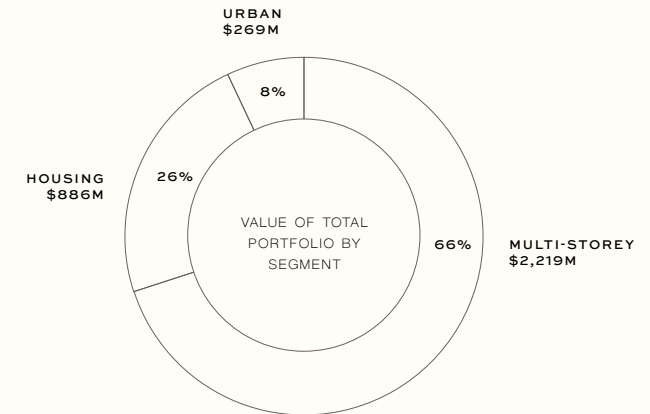


* TOWNSVILLE AND SUNSHINE COAST

Operational Review—Total Development Portfolio

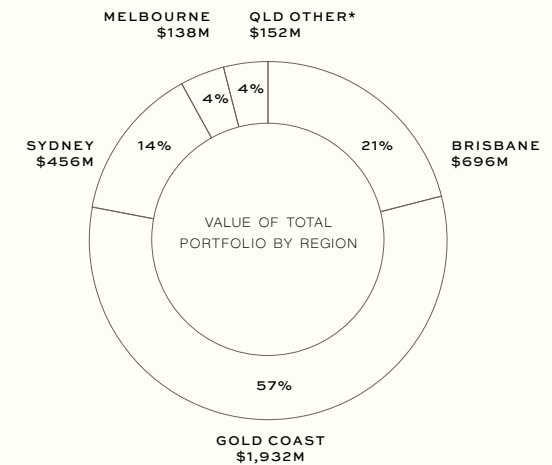
TOTAL DEVELOPMENT PORTFOLIO BY SEGMENT (AS AT 30 JUNE 2018)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	(\$M)	#	\$M	#	\$M
MULTI-STOREY	2,020	1,733	416	486	2,436	2,219
HOUSING	779	558	447	328	1,226	886
URBAN	806	170	509	100	1,315	269
SUB-TOTAL	3,605	2,461	1,372	914	4,977	3,375



TOTAL DEVELOPMENT PORTFOLIO BY GEOGRAPHIC REGION (AS AT 30 JUNE 2018)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	\$M	#	\$M	#	\$M
BRISBANE	682	599	119	96	801	696
GOLD COAST	1,924	1,333	641	599	2,565	1,932
SYDNEY	384	357	79	100	463	456
MELBOURNE	185	97	81	41	266	138
QUEENSLAND OTHER*	430	75	452	77	882	152
SUB-TOTAL	3,605	2,461	1,372	914	4,977	3,375



* TOWNSVILLE AND SUNSHINE COAST

OUTLOOK

Outlook

FOLLOWING A NINE-YEAR period of expansion, the Australian property market has entered an inevitable phase of consolidation and adjustment. This is the natural consequence of the cyclical nature of our industry and evidenced by a reduction in the volume of property sales, a reduction in foreign investment, a tightening of the lending environment, and softening economic conditions.

ACCORDINGLY, SUNLAND GROUP'S strategy is focused on establishing the Company for the next phase of the cycle. In line with our counter-cyclical approach, this new phase of the cycle provides opportunities to replenish our portfolio and strategically position the company for the next growth period. An example of this is our recent site acquisition in Carrum Downs in Victoria.

SUNLAND GROUP IS COGNISANT of the need to maintain a conservative balance sheet and will evaluate all future project releases in line with this approach. Our capital management initiatives, strong balance sheet, and access to capital continues to provide a stable platform from which to maintain profitability and deliver sustainable shareholder returns.

THE TIMING OF FUTURE PROJECT releases is also tied to the approval of Development Applications, which are experiencing significantly extended approval timeframes. This increased level of scrutiny is driven by strong local community views regarding town planning regulations and the future evolution of their suburbs.

THE GROUP'S MID-RISE PORTFOLIO will continue to expand as part of an integrated housing strategy that enables us to mitigate risk through staged delivery.

SUNLAND'S PORTFOLIO IS STRATEGICALLY weighted to the owner-occupier market, with a particular focus on downsizers, first home buyers, and subsequent home buyers.

PORTFOLIO DETAILS

Portfolio Under Construction

PORTFOLIO UNDER CONSTRUCTION

YIELD

SETTLED LOTS

UNSETTLED LOTS

CONTRACTED LOTS

UNSOLD LOTS

	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)
MULTI-STOREY										
MARINA CONCOURSE, QLD	110	88	-	-	110	88	72	55	38	33
272 HEDGES AVENUE, QLD	96	244	-	-	96	244	3	5	93	240
MAGNOLI APARTMENTS, QLD	210	153	-	-	210	153	3	2	207	151
SUB-TOTAL	416	486	-	-	416	486	78	62	338	424
HOUSING										
THE HEIGHTS RESIDENCES, QLD	60	27	51	23	9	4	6	3	3	1
ARBOUR RESIDENCES, QLD	113	48	-	-	113	48	13	6	100	43
SHEA RESIDENCES, QLD	28	49	-	-	28	49	26	46	2	3
THE GARDENS, VIC	176	89	95	47	81	41	81	41	-	-
18 MACPHERSON STREET, NSW	79	100	-	-	79	100	79	100	-	-
PAVILIONS, QLD	60	28	52	25	8	3	1	1	7	2
THE LAKES RESIDENCES, QLD	67	62	29	27	38	35	38	35	-	-
THE HILLS RESIDENCES, QLD	91	47	-	-	91	47	10	5	81	42
SUB-TOTAL	674	450	227	122	447	328	254	236	193	93
URBAN										
BAYSIDE, QLD	624	105	180	32	444	74	-	-	444	74
ROYAL PINES - ONE TREE HILL, QLD	29	31	23	26	6	5	6	5	-	-
THE HEIGHTS, QLD	363	92	304	71	59	21	43	12	16	15
SUB-TOTAL	1,016	228	507	128	509	100	49	17	460	89
TOTAL PROJECTS UNDER CONSTRUCTION	2,106	1,164	734	250	1,372	914	381	314	991	605

Portfolio to be Released

PORTFOLIO TO BE RELEASED

	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)
MULTI-STOREY										
GRACE ON CORONATION, QLD *	558	502			558	502			558	502
INGLESIDE, NSW	72	61			72	61			72	61
ONE MARINE PARADE, QLD	73	83			73	83			73	83
THE LAKES, QLD	1,128	839			1,128	839			1,128	839
GREENMOUNT RESIDENCES, QLD	189	250			189	250			189	250
SUB-TOTAL	2,020	1,733			2,020	1,733			2,020	1,733
HOUSING										
INGLESIDE, NSW	99	119			99	119			99	119
CHAPEL HILL, QLD	33	32			33	32			33	32
KENMORE, QLD	91	66			91	66			91	66
MONTAINE RESIDENCES, NSW	142	90			142	90			142	90
MONA VALE, NSW	71	87			71	87			71	87
CARRUM DOWNS, VIC	185	97			185	97			185	97
THE HEIGHTS, QLD	158	67			158	67			158	67
SUB-TOTAL	779	558			779	558			779	558
URBAN										
BUSHLAND BEACH, QLD	430	75			430	75			430	75
THE HEIGHTS, QLD	376	94			376	94			376	94
SUB-TOTAL	806	170			806	170			806	170
TOTAL PORTFOLIO TO BE RELEASED	3,605	2,461			3,605	2,461			3,605	2,461
FUTURE PROJECTS										
MARINERS COVE, QLD	439	493			439	493			439	493
TOTAL FUTURE PROJECTS	439	493			439	493			439	493

* APPROVAL OF THE GRACE ON CORONATION DEVELOPMENT APPLICATION IS CURRENTLY SUBJECT TO A HEARING IN THE PLANNING AND ENVIRONMENT COURT OF QUEENSLAND

Project Settlement Timeline



NB: ANTICIPATED TIMING OF SETTLEMENTS SUBJECT TO DELIVERY PROGRAMS AND APPROPRIATE APPROVALS

Project Settlement Timeline

PORTFOLIO TO BE RELEASED	FY19	FY20	FY21	FY22 & BEYOND
MULTI-STOREY				
MARINER'S COVE, QLD				
GRACE ON CORONATION, QLD				
ONE MARINE PARADE, QLD				
GREENMOUNT RESIDENCES, QLD				
THE LANES RESIDENCES, QLD				
THE LAKES - FUTURE MIDRISE, QLD				
INGLESIDE - ELENORA, NSW				
HOUSING				
INGLESIDE - ELANORA, NSW				
INGLESIDE - MONA VALE, NSW				
THE HILLS RESIDENCES, QLD				
ARBOUR RESIDENCES, QLD				
MONTAINE RESIDENCES, NSW				
THE HEIGHTS - FUTURE HOUSING, QLD				
THE TERRACES - STAGE 14, QLD				
KENMORE, QLD				
KIRKDALE RESIDENCES, QLD				
CARRUM DOWNS, VIC				
URBAN				
THE HEIGHTS, QLD				
BAYSIDE, QLD				

NB: ANTICIPATED TIMING OF SETTLEMENTS SUBJECT TO DELIVERY PROGRAMS AND APPROPRIATE APPROVALS

Sunland Group