

ANNUAL  
GENERAL MEETING

OF SHAREHOLDERS 2018

Sunland Group

# 35 Years of Celebrating Art, Beauty & Community

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PORTFOLIO 1983 — 2018

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TOTAL NUMBER OF PROJECTS	160
RESIDENCES, UNITS, LOTS & HOTEL ROOMS	26,694
RETAIL & COMMERCIAL ASSETS	13
COMBINED END VALUE	\$8,778,354,000

# FY18 Key Results

SUNLAND IS WELL POSITIONED TO CAPITALISE ON THE DELIVERY OF OUR PORTFOLIO.

## SOLID FINANCIAL RESULTS AS A CONSEQUENCE OF SOFTENING MARKET CONDITIONS

- Statutory Net Profit After Tax of \$31.3 million (2017: \$35.3 million).
- Earnings per share 21.0 cents<sup>1</sup>.
- Funding structures are aligned to match short, medium and long-term programs of the development portfolio.
- Total value of fully franked dividends 11cps comprising:
  - Interim 5cps paid March 2018
  - Final 6cps paid 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)<sup>1</sup>.

## 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 lines.

*1. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE*

# FY18 Key Results

## 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.
- 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

		FY18	FY17	% CHANGE
TOTAL REVENUE	\$M	298.7	405.5	-26
STATUTORY NPAT	\$M	31.3	35.3	-11

## DEVELOPMENT RETURN ON COST

LAND AND HOUSING	24%	20%
MULTI-STOREY	22%	21%
OVERALL DEVELOPMENT	24%	20%
DEVELOPMENT TARGET	20%	20%

# Ordinary Business

MINUTES OF PREVIOUS ANNUAL GENERAL MEETING

FINANCIAL STATEMENTS

ELECTION OF DIRECTORS

REMUNERATION REPORT

OTHER BUSINESS

# Future Focused

SUNLAND GROUP UNDERSTANDS THAT DESIGNING AND DELIVERING COMMUNITIES IMBUED WITH HUMAN VALUES AND LEADING DESIGN ENSURES HEALTHY SOCIAL AND FINANCIAL OUTCOMES.

OUR VISION FOR THE FUTURE IS ALIGNED ALONGSIDE STRATEGY FOR GROWTH AND DEVELOPMENT AND A CONTRIBUTION TOWARDS COMMUNITY WELL BEING, SUSTAINABILITY, AND ADVANCED DESIGN THINKING, EACH HAVE A ROLE IN EFFECTING POSITIVE SOCIAL CHANGE.

## *Community Wellbeing*

Connected, liveable and sustainable, with social, cultural, economic and environmental goals and priorities.

## *Sustainability*

Sunland is focused upon the role of a sustainable mindset with our organisation's culture, thinking beyond environmental sustainability to include social and economic considerations.

## *Advanced Design Thinking*

Creative approaches to respond to the growing needs of a rapidly-evolving society and exploring the interconnected relationships between technology, design, shared spaces and wellbeing.

# FY18 Milestones

**COMPLETED PROJECTS** – Abian - Multi-Storey Brisbane (QLD), Ancora, Park Terraces, The Heights Residences, The Terraces, Magnoli Residences, Shea Residences, Lakes Residences (QLD), Carre Residences (VIC).

**THE CONTRIBUTION OF THESE SETTLEMENTS** is enabling the future strategy of the portfolio delivery and replenishment alongside our capital management initiatives.

**THE FINANCIAL YEAR** saw increase in core dividend to 11 cents per share (FY17 10 cents per share) in addition to the special dividend of 2 cents per share.

**THE MULTI-STOREY PORTFOLIO** has been strategically repositioned towards mid-rise projects that reduces the approval, funding, delivery and market risks associated with high-rise projects.

**DEVELOPMENT APPLICATIONS LODGED:** 272 Hedges Avenue; Magnoli Apartments; The Lanes retail (QLD) and Mount Annan (NSW).

**DEVELOPMENT APPLICATIONS APPROVED:** The Hills and 272 Hedges Avenue (QLD).

**NEW PROJECTS LAUNCHED:** The Hills Residences; Magnoli Apartments and 272 Hedges Avenue (QLD).

**AWARDS OBTAINED:** The Terraces – Master Builders Award and HIA Award, Abian – AIA Award, Magnoli Residences – Master Builders Awards, Marina Concourse – HIA Awards, Magnoli Residences – HIA Awards.

# 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.

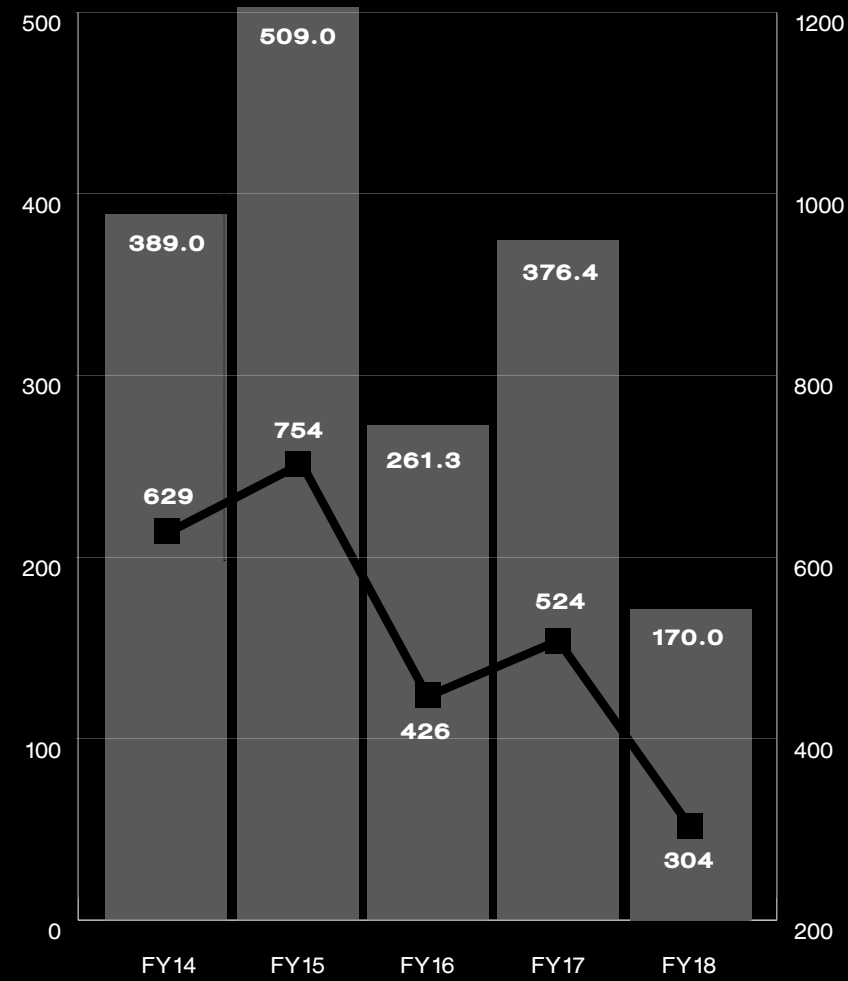
## MULTI-STOREY

- With the exception of 272 Hedges Avenue (QLD) , the Group's multi-storey projects are up to 15 storeys, reducing delivery and the associated market and funding time frame risks for these projects.
- Contribution from multi-storey development in FY18 with the completion 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.



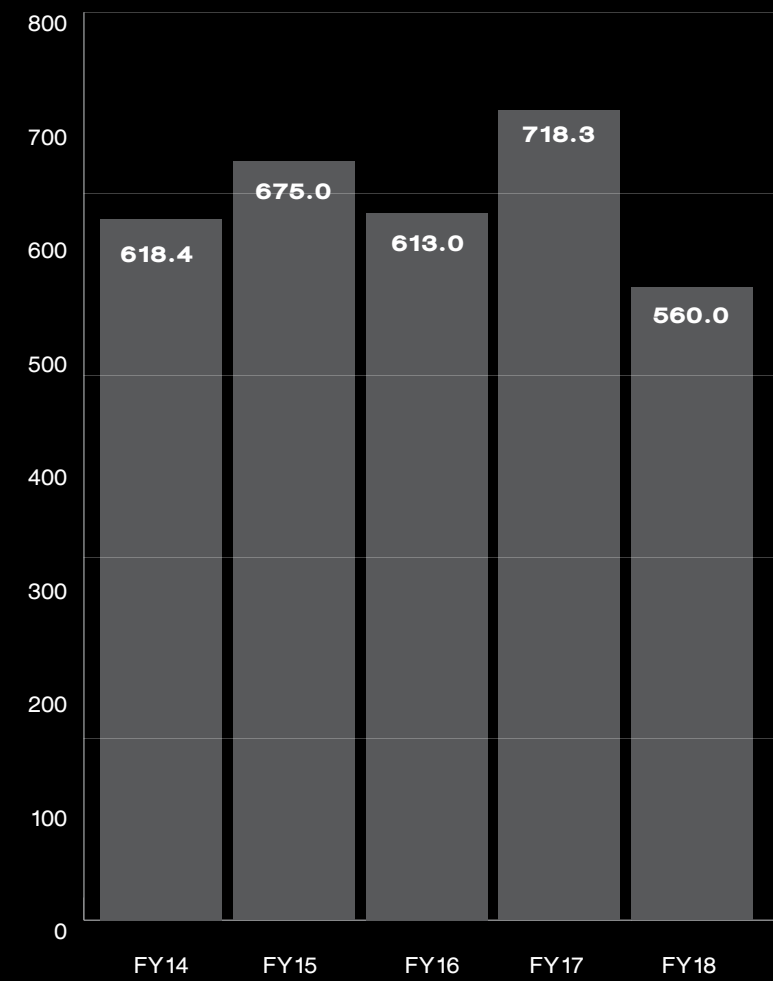
# Operational Review & Sale of Properties

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



■ SALES VALUE (\$M)  
 ■ NUMBER OF SALES

AVERAGE SALE PRICE (YEAR ENDING 30 JUNE 2018)



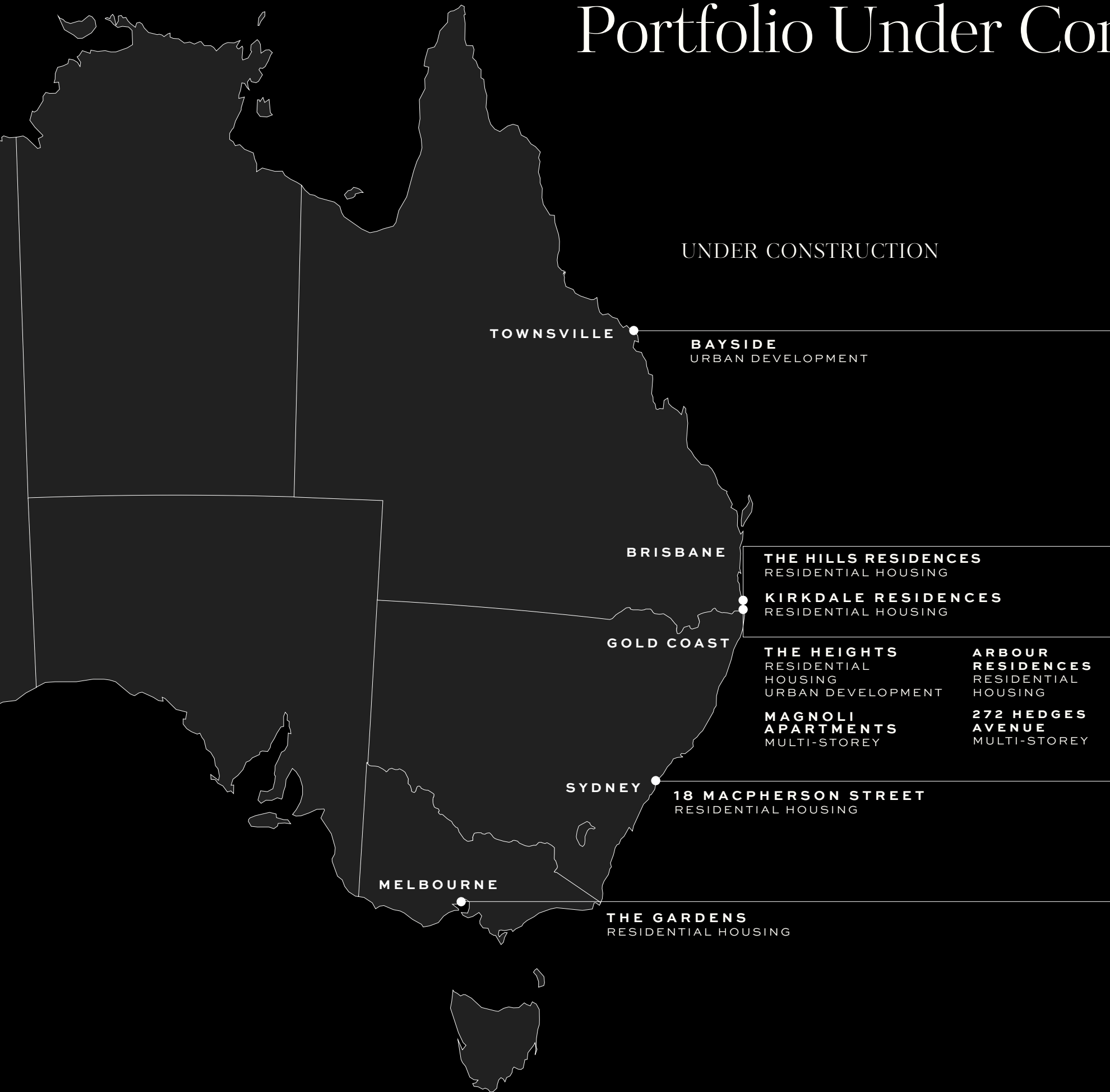
# Development Portfolio – Residential & Retail

THE GROUP'S PORTFOLIO COMPRISES 4,564 RESIDENTIAL HOMES, URBAN LAND LOTS, MULTI-STOREY APARTMENTS, AND 27,000SQM OF RETAIL, REPRESENTING \$3.3 BILLION.\*

MULTI-STOREY	RESIDENTIAL HOUSING	URBAN	TOTAL	RETAIL	TOTAL PORTFOLIO
# 2,077	# 1,144	# 1,343	# 4,564	M <sup>2</sup> 27,146	
\$M 1,993	\$M 816	\$M 267	\$M 3,076	\$M 248	\$B 3.3

*\*THIS FIGURE IS BASED UPON OBTAINING APPROVALS FROM LOCAL AND STATE AUTHORITIES ON VARIOUS DEVELOPMENT APPLICATIONS SUBMITTED AS AT 22 OCTOBER 2018*

# Portfolio Under Construction & Coming Soon



## UNDER CONSTRUCTION

**TOWNSVILLE**  
**BAYSIDE**  
URBAN DEVELOPMENT

**BRISBANE**  
**THE HILLS RESIDENCES**  
RESIDENTIAL HOUSING  
**KIRKDALE RESIDENCES**  
RESIDENTIAL HOUSING

**GOLD COAST**  
**THE HEIGHTS**  
RESIDENTIAL HOUSING  
URBAN DEVELOPMENT  
**ARBOUR RESIDENCES**  
RESIDENTIAL HOUSING  
**MAGNOLI APARTMENTS**  
MULTI-STOREY  
**272 HEDGES AVENUE**  
MULTI-STOREY

**SYDNEY**  
**18 MACPHERSON STREET**  
RESIDENTIAL HOUSING

**MELBOURNE**  
**THE GARDENS**  
RESIDENTIAL HOUSING

## FUTURE RELEASES

**BRISBANE**  
**HYDE PARK RESIDENCES**  
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  
**MONAVALE**  
RESIDENTIAL HOUSING

**MELBOURNE**  
**CARRUM DOWNS**  
RESIDENTIAL HOUSING

# FY19 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.

**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 extended approval timeframes.

**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.

**THE BOARD PROVIDES GUIDANCE** of net profit after tax between \$27 million and \$30 million which is in line with the guidance for the previous financial year. The Board intends to pay a fully franked dividend for the full year of 50% of the Group's operational net earnings.

Sunland Group