

Sunland Group

HALF YEAR RESULTS 2019

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
PIONEERING YEARS	CREATIVE INNOVATION	NATIONAL EXPANSION	GLOBAL GROWTH	STRATEGIC EVOLUTION	NEW HORIZONS
<p>[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.</p> <p>[1987] SANCTUARY COVE Delivered the waterfront villas in Australia's first integrated tourism resort.</p> <p>[1988] MALIBU A curvilinear form defines the first multi-story residential tower.</p>	<p>[1991] GAVEN HEIGHTS Enters the field of urban development with the Group's first master planned residential community.</p> <p>[1995] LISTS ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX)</p> <p>[1996] CARMEL BY THE SEA The Group's second major residential tower.</p> <p>[1997] SOMERSET PLACE Introduces first urban "artscape" concept within a master planned community.</p> <p>[1998] LEGENDS HOTEL Enters tourism sector with the introduction of first hotel.</p> <p>[1998] SIGNS HEADS OF AGREEMENT WITH GIANNI VERSACE To create world's first fashion branded hotel experience – Palazzo Versace.</p>	<p>[2000] OPENING OF PALAZZO VERSACE</p> <p>[2000] ESTABLISHED VICTORIAN OFFICE</p> <p>[2001] PARKLAKE Creates the largest children's playground within an Australian residential community.</p> <p>[2000] BERWICK SPRINGS The Group enters urban development in Victoria.</p> <p>[2002] SOVEREIGN MANORS First residential estate in Victoria.</p> <p>[2003] ESTABLISHED SUNLEISURE Hotel & retail management operations.</p> <p>[2004] SUNKIDS Innovates early childcare education.</p> <p>[2004] ESTABLISHED SYDNEY OFFICE</p> <p>[2004] ENTERS ASX 200 INDEX</p> <p>[2005] Q1 Opens world's tallest residential tower—322.5m high.</p> <p>[2005] YVE First residential highrise in Melbourne awarded the RAlA Medal of Architecture.</p>	<p>[2006] ESTABLISHED INTERNATIONAL OPERATIONS IN DUBAI</p> <p>[2006] PALAZZO VERSACE WORLDWIDE Enters into an exclusive agreement With the house of Versace for global rollout of Palazzo Versace worldwide.</p> <p>[2007] CIRCLE ON CAVILL First major inner city mixed use residential highrise.</p> <p>[2007] SUNLAND FOUNDATION Clem Jones - Sunland Leukaemia Village opens.</p> <p>[2008] VIRGIN BLUE HEADQUARTERS Sunland awarded to create the Virgin Blue headquarters.</p>	<p>CONSOLIDATION Sunland strategically emerges from the Global Financial Crisis with low gearing, surplus cash and capital management initiatives.</p> <p>[2013] Sunland celebrates its 30 year anniversary and establishes its new Brisbane operations.</p> <p>[2013] Return to multi-storey sector with Marina Residences (QLD) and Abian (QLD).</p> <p>[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.</p> <p>[2014] Completion of strategic exit of international operations.</p> <p>[2015] Celebrates 20 years as a listed entity on the ASX.</p> <p>[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.</p> <p>[2017] ABIAN First Brisbane high rise completed.</p>	<p>2018 AND BEYOND</p> <p>[2018] Launches 272 Hedges Avenue, the Group's first high-rise development on the Gold Coast in a decade.</p> <p>[2018] Sunland celebrates its 35 year anniversary.</p> <p>Sunland continues to navigate the changing market cycle with a conservative yet transformative approach to strategic residential development.</p> <p>At the heart of the endeavour is our vision to strive for excellence in all things, ever mindful of our values of integrity and sustainability, to collectively contribute to vibrancy in the communities we operate and provide a purposeful return for shareholders.</p>

National Portfolio

THE GROUP'S PORTFOLIO COMPRISES 4,421 RESIDENTIAL HOMES, URBAN DEVELOPMENT, RESIDENTIAL APARTMENTS, AND 24,600SQM OF RETAIL/COMMERCIAL, REPRESENTING \$3.2 BILLION.*

RESIDENTIAL APARTMENTS	RESIDENTIAL HOUSING	URBAN DEVELOPMENT	TOTAL	RETAIL & COMMERCIAL	TOTAL PORTFOLIO
# 2,065	# 1,040	# 1,316	# 4,421	M ² 24,600	
\$M 1,972	\$M 720	\$M 261	\$M 2,953	\$M 212	\$B 3.2

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

FY19 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.

IH19 RESULTS AFFECTED BY NET REALISABLE VALUE (NRV) WRITE DOWN OF \$9.0 MILLION AFTER TAX AT BAYSIDE, TOWNSVILLE PROJECT

- › Statutory Net Profit After Tax of \$11.5 million (1h18: \$26.6 million).
- › Earnings per share 7.7 cents¹.
- › Underlying contribution from operations \$20.5 million after tax.
- › NRV writedown follows a strategy to reallocate capital from regional markets to core operating markets.
- › Interim fully franked dividend 4 cents payable 21 March 2019.
- › Market guidance previously provided will not be achieved given the NRV adjustment.
- › 170 sales and 270 settlements (2018: 179 sales and 336 settlements).
- › Contracted lots in hand total \$214 million.
- › Group consolidated Net Tangible Assets per share of \$2.48 (2018: \$2.47)¹.

CAPITAL MANAGEMENT REMAINS A FOCUS, BALANCING SHARE BUY BACK, DIVIDENDS, PORTFOLIO REPLENISHMENT AND LEVERAGE IN DELIVERING PROJECTS

- › \$13 million new site acquisition:
 - Carrum Downs (VIC)
- › Gearing 22% debt to assets; 32% debt to equity.
- › Recently announced 10% buy back.
- › Balance sheet provides capacity as at 31 December 2018 of \$33.6 million in cash and \$192.9 million in undrawn working capital.

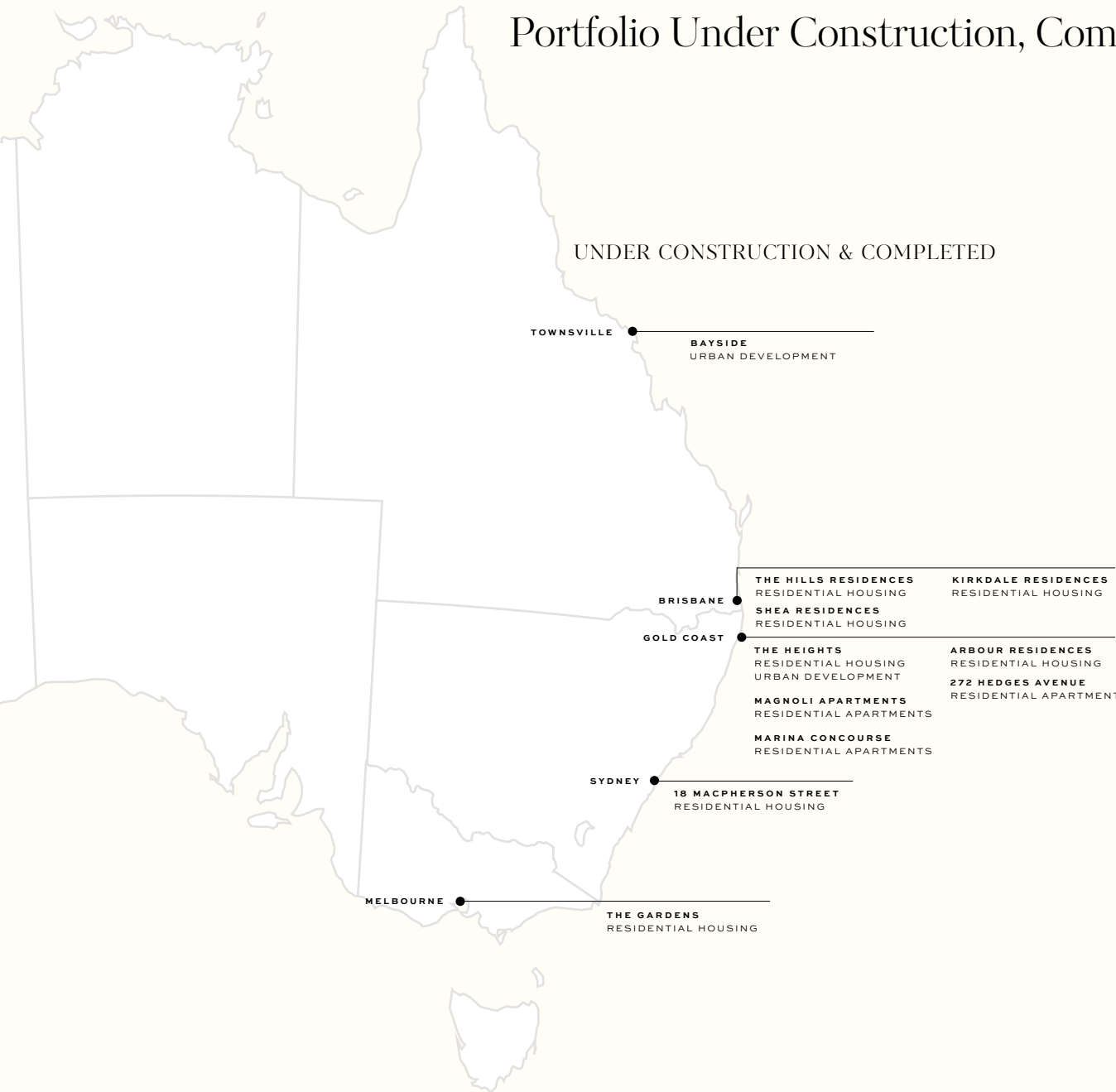
¹. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2018

NOTE: COMPARATIVES HAVE BEEN RESTATED IN ACCORDANCE WITH NOTE 3 OF THE FINANCIAL REPORT

	UNIT	1H19	1H18	% CHANGE
UNDERLYING NPAT	\$M	20.5	26.6	-23%
NRV ADJUSTMENT (AFTER TAX)	\$M	(9.0)	-	-
STATUTORY NPAT	\$M	11.5	26.6	-57%
EARNINGS PER SHARE	CENTS	7.7	17.7	-57%
INTERIM DIVIDEND PER SHARE	CENTS	4.0	5.0	-
INTEREST BEARING DEBT	\$M	119.1	177.4	-
TOTAL ASSETS	\$M	536.2	597.6	-
EQUITY	\$M	369.0	366.7	-
NET TANGIBLE ASSETS PER SHARE	\$	2.48	2.47	-
GEARING [DEBT TO TOTAL ASSETS]	%	22%	29%	-
GEARING [DEBT TO EQUITY]	%	32%	48%	-
SALES				
VALUE	\$M	162.7	92.7	-
VOLUME	#	170	179	-
AVERAGE PRICE	\$K	957	518	-
SETTLEMENTS				
VALUE	\$M	203.7	244.2	-
VOLUME	#	270	336	-
AVERAGE PRICE	\$K	754	727	-

Portfolio Under Construction, Completed & Coming Soon



FUTURE RELEASES

BRISBANE	HYDE RESIDENCES RESIDENTIAL HOUSING GRACE ON CORONATION RESIDENTIAL APARTMENTS
GOLD COAST	THE LANES RESIDENCES AND THE LANES RESIDENTIAL APARTMENTS & RETAIL GREENMOUNT RESIDENCES RESIDENTIAL APARTMENTS THE LANES RETAIL 180 MARINE PARADE RESIDENTIAL APARTMENTS
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 the owner-occupier market, with a particular focus on downsizers, first home buyers, and subsequent home buyers.
- › Longer approval timeframes are impacting project releases and commencement dates.
- › End user finance availability continues to affect market confidence.

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 26%, exceeding the Group's target of 20%.
- › This excludes the NRV adjustment.
- › The land and housing portfolio is generally leveraged to 35% of inventory value.

RESIDENTIAL APARTMENTS & INTEGRATED DEVELOPMENT

- › With the exception of 272 Hedges Avenue (QLD), the Group's residential apartment projects are 10–15 storeys, reducing delivery, market and funding risks for this portfolio.
- › Contribution from residential apartments in 1H19 from Marina Concourse.
- › Return on cost adversely impacted by unforeseen costs and program overruns.
- › Residential apartment construction now outsourced to third party builders.
- › Marketing costs are expensed ahead of revenue recognition which may be material.

FUNDING AND CAPITAL

- › The Group announced a further 10% on market buy-back program.
- › Substantial capacity with available working capital lines.
- › Funding structures are aligned to match short, medium and longer term programs of the development portfolio.
- › Cashflow generated from operations totalled \$93.0 million (including funding acquisitions) providing capacity for continual delivery of the portfolio.

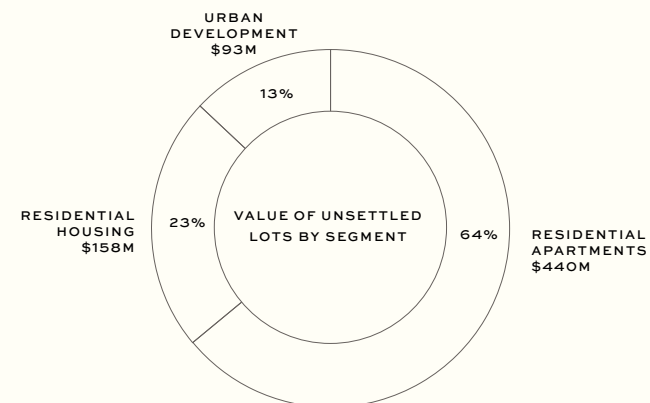
KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2018

	\$M	1H19	1H18	% CHANGE
TOTAL REVENUE	206.0	247.5		-17%
REVENUE – SALE OF PROPERTY	203.7	244.2		-17%
STATUTORY NET PROFIT BEFORE TAX	16.4	37.8		-57%
LESS: TAX EXPENSE	4.9	11.2		-57%
STATUTORY NET PROFIT AFTER TAX	11.5	26.6		-57%
EBIT	23.8	42.6		-44%
INTEREST COVER (TIMES)	3.2	8.9		-
INTERIM DIVIDEND (CENTS)	4.0	5.0		-
PERFORMANCE INDICATORS				
DEVELOPMENT RETURN ON COST				
– URBAN DEVELOPMENT AND RESIDENTIAL HOUSING	26%	22%		-
– RESIDENTIAL APARTMENTS	10%	21%		-
– OVERALL	23%	22%		-

Operational Review—Projects Under Construction

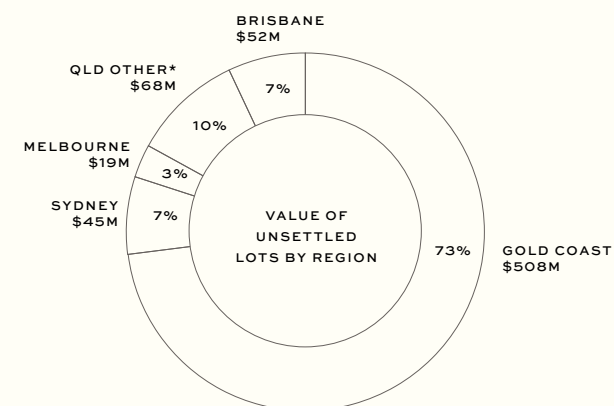
PROJECTS UNDER CONSTRUCTION BY SEGMENT (AS AT 31 DECEMBER 2018)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
RESIDENTIAL APARTMENTS	357	440	79	123	22%	28%
RESIDENTIAL HOUSING	262	158	97	77	37%	49%
URBAN DEVELOPMENT	524	93	35	14	7%	15%
SUB-TOTAL	1,143	691	211	214	18%	31%



PROJECTS UNDER CONSTRUCTION BY REGION (AS AT 31 DECEMBER 2018)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
BRISBANE	93	52	17	10	18%	19%
GOLD COAST	537	508	125	142	23%	28%
SYDNEY	35	45	34	44	97%	97%
MELBOURNE	35	19	35	19	100%	100%
QUEENSLAND - OTHER*	443	68	-	-	-	-
SUB-TOTAL	1,143	691	211	214	18%	31%

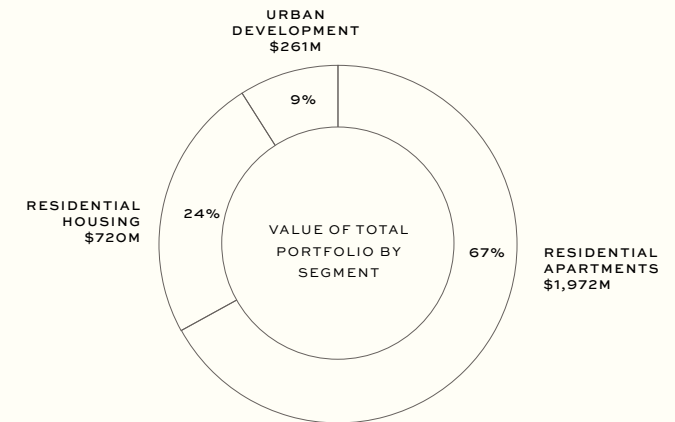


* TOWNSVILLE AND SUNSHINE COAST

Operational Review—Total Development Portfolio

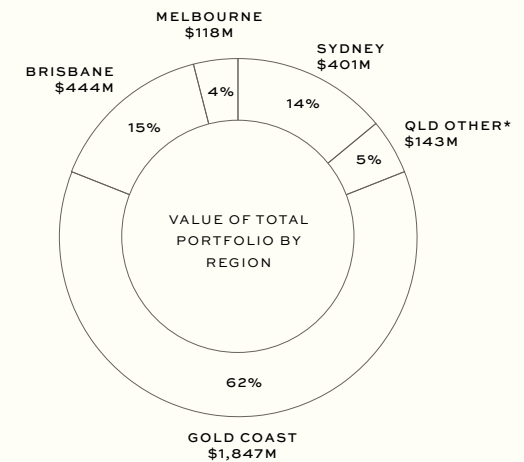
TOTAL DEVELOPMENT PORTFOLIO BY SEGMENT
(AS AT 31 DECEMBER 2018)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	(\$M)	#	\$M	#	\$M
RESIDENTIAL APARTMENTS	1,708	1,532	357	440	2,065	1,972
RESIDENTIAL HOUSING	778	563	262	158	1,040	720
URBAN DEVELOPMENT	792	168	524	93	1,316	261
SUB-TOTAL	3,278	2,263	1,143	691	4,421	2,953



TOTAL DEVELOPMENT PORTFOLIO BY GEOGRAPHIC REGION
(AS AT 31 DECEMBER 2018)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	\$M	#	\$M	#	\$M
BRISBANE	357	392	93	52	450	444
GOLD COAST	1,923	1,340	537	508	2,460	1,847
SYDNEY	381	356	35	45	416	401
MELBOURNE	187	99	35	19	222	118
QUEENSLAND OTHER*	430	75	443	68	873	143
SUB-TOTAL	3,278	2,263	1,143	691	4,421	2,953



* TOWNSVILLE AND SUNSHINE COAST

OUTLOOK

Outlook

SUNLAND GROUP IS FOCUSED on delivering a stable, consistent performance during a period of adjustment and consolidation in the market cycle. This includes a strategic approach to geographic and portfolio diversification.

ACCORDINGLY, SUNLAND GROUP is focused on establishing the Company for the next phase of the cycle and strategically positioning the company for the next growth period. This includes the conservative delivery of our portfolio in line with market conditions and identifying opportunities for replenishment.

WE ARE 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 are 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.

PORTFOLIO DETAILS

Portfolio Under Construction

PORTFOLIO UNDER CONSTRUCTION

YIELD

SETTLED LOTS

UNSETTLED LOTS

CONTRACTED LOTS

UNSOLD LOTS

	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)
RESIDENTIAL APARTMENTS										
MARINA CONCOURSE, QLD	110	88	59	47	51	42	4	3	47	39
272 HEDGES AVENUE, QLD	96	246	-	-	96	246	46	99	50	147
MAGNOLI APARTMENTS, QLD	210	152	-	-	210	152	29	22	181	131
SUB-TOTAL	416	487	59	47	357	440	79	123	278	317
RESIDENTIAL HOUSING										
THE HEIGHTS RESIDENCES, QLD	60	27	58	26	2	1	1	-	1	-
ARBOUR RESIDENCES, QLD	113	48	21	9	92	39	10	4	82	35
SHEA RESIDENCES, QLD	28	50	26	46	2	4	1	2	1	2
THE GARDENS, VIC	176	89	141	70	35	19	35	19	-	-
18 MACPHERSON STREET, NSW	79	100	44	54	35	45	34	44	1	1
PAVILIONS, QLD	60	28	55	26	5	2	-	-	5	2
THE LAKES RESIDENCES, QLD	67	62	67	62	-	-	-	-	-	-
THE HILLS RESIDENCES, QLD	91	48	-	-	91	48	16	8	75	40
SUB-TOTAL	674	451	412	293	262	158	97	77	165	80
URBAN DEVELOPMENT										
BAYSIDE, QLD	624	98	186	32	438	66	-	-	438	66
ROYAL PINES - ONE TREE HILL, QLD	29	31	23	25	6	6	6	6	-	-
THE HEIGHTS, QLD	377	96	297	75	80	21	29	8	51	15
SUB-TOTAL	1,030	225	506	132	524	93	35	14	489	81
TOTAL PROJECTS UNDER CONSTRUCTION	2,120	1,163	977	472	1,143	691	211	214	932	478

Portfolio to be Released

PORTFOLIO TO BE RELEASED	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)
RESIDENTIAL APARTMENTS										
GRACE ON CORONATION, QLD	233	295			233	295			233	295
INGLESIDE, NSW	72	61			72	61			72	61
ONE MARINE PARADE, QLD	86	90			86	90			86	90
THE LAKES, QLD	1,128	839			1,128	839			1,128	839
GREENMOUNT RESIDENCES, QLD	189	248			189	248			189	248
SUB-TOTAL	1,708	1,532			1,708	1,532			1,708	1,532
RESIDENTIAL HOUSING										
INGLESIDE, NSW	99	119			99	119			99	119
KIRKDALE RESIDENCES, QLD	33	32			33	32			33	32
HYDE RESIDENCES, QLD	91	66			91	66			91	66
MONTAINE RESIDENCES, NSW	139	89			139	89			139	89
MONA VALE, NSW	71	87			71	87			71	87
CARRUM DOWNS, VIC	187	99			187	99			187	99
THE HEIGHTS, QLD	158	70			158	70			158	70
SUB-TOTAL	778	563			778	563			778	563
URBAN DEVELOPMENT										
BAYSIDE, QLD	430	75			430	75			430	75
THE HEIGHTS, QLD	362	93			362	93			362	93
SUB-TOTAL	792	168			792	168			792	168
TOTAL PORTFOLIO TO BE RELEASED	3,278	2,263			3,278	2,263			3,278	2,263
FUTURE PROJECTS										
MARINER'S COVE, QLD	439	493			439	493			439	493
TOTAL FUTURE PROJECTS	439	493			439	493			439	493

Project Settlement Timeline

PORTFOLIO UNDER CONSTRUCTION

FY19

FY20

FY21

FY22 & BEYOND

RESIDENTIAL APARTMENTS

272 HEDGES AVENUE, QLD

MARINA CONCOURSE, QLD

MAGNOLI APARTMENTS, QLD

RESIDENTIAL HOUSING

THE GARDENS, VIC

PAVILIONS, QLD

THE LAKES RESIDENCES, QLD

SHEA RESIDENCES, QLD

THE HEIGHTS RESIDENCES, QLD

18 MACPHERSON STREET, NSW

THE HILLS RESIDENCES, QLD

URBAN DEVELOPMENT

THE HEIGHTS, QLD

BAYSIDE, QLD

ONE TREE HILL, QLD

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

Project Settlement Timeline

PORTFOLIO TO BE RELEASED

FY19

FY20

FY21

FY22 & BEYOND

RESIDENTIAL APARTMENTS

MARINER'S COVE, QLD				
GRACE ON CORONATION, QLD				
180 MARINE PARADE, QLD				
GREENMOUNT RESIDENCES, QLD				
THE LANES RESIDENCES, QLD				
THE LAKES - FUTURE MIDRISE, QLD				
INGLESIDE - ELENORA, NSW				

RESIDENTIAL HOUSING

INGLESIDE - ELANORA, NSW				
INGLESIDE - MONA VALE, NSW				
MONTAINE RESIDENCES, NSW				
THE HEIGHTS - FUTURE HOUSING, QLD				
HYDE RESIDENCES, QLD				
KIRKDALE RESIDENCES, QLD				
CARRUM DOWNS, VIC				

URBAN DEVELOPMENT

THE HEIGHTS, QLD				
BAYSIDE, QLD				

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

Sunland Group