

HALF YEAR RESULTS 2018

Sunland Group

**GROUP OVERVIEW AND
DEVELOPMENT PORTFOLIO**

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

Sunland Group

ESTABLISHED

1983

Sunland's 35-year history is defined by the creation of communities that have endeavoured to shape their urban fabric and aspired to advance new frontiers of design excellence.

As we look to the future, we draw on our collective experiences and insights to guide us as we refine our approach in the creation of spaces that celebrate art, beauty and community, for the betterment of society and the generations who will follow.

GROUP NARRATIVE AND KEY MILESTONES

CHAPTER ONE

1983—1990

CHAPTER TWO

1991—1999

CHAPTER THREE

2000—2005

CHAPTER FOUR

2006—2009

CHAPTER FIVE

2010—2015

CHAPTER SIX

2016—BEYOND

PIONEERING YEARS

CREATIVE INNOVATION

NATIONAL EXPANSION

GLOBAL GROWTH

STRATEGIC EVOLUTION

NEW HORIZONS

[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.

[2006] 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 program initiatives continue through FY15 and FY16 which halves the issued capital at an average price of 89 cents per share representing a significant discount to NTA.

[2014] Completion of strategic exit of international operations.

[2015] Celebrates 20 years as a listed entity on the Australian Securities Exchange.

[2016–18] SUSTAINABLE GROWTH

Continued focus on capital management including share buy back and dividend strategy, as well as appropriate debt structures as the Group moves to deliver its multi-storey development portfolio.

Strategic site acquisitions in prime locations targeting owner occupiers continues to be the focus.

[2017] ABIAN

First Brisbane high rise completed

VISION

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 currently contribute to the built form and urban environments.

NATIONAL PORTFOLIO

The Group's portfolio comprises 5,138 residential homes, urban land lots, multi-storey apartments, and 38,000sqm of retail, representing \$3.9 billion.*

TOTAL	MULTI-STOREY	RESIDENTIAL HOUSING	URBAN	RETAIL
#	#	#	#	M ²
5,138	2,730	1,020	1,388	30,225
\$M	\$M	\$M	\$M	\$M
3,873	2,585	769	284	235

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

IH18 KEY RESULTS

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

IH18 FINANCIAL RESULTS SUPPORT THE FULL YEAR GUIDANCE FROM THE DELIVERY OF SUNLAND'S LAND AND HOUSING PORTFOLIO, AND THE ABIAN RESIDENTIAL TOWER IN BRISBANE

- Statutory Net Profit After Tax of \$20.7 million (1H17: \$5.0 million).
- Basic earnings per share 13.6 cents.
- Interim fully franked dividend 5cps payable 21 March 2018. (1H17: 4 cps)
- 179 sales and 238 accounting settlements (1H17: 281 sales and 178 settlements).
- Contracted lots in hand total \$328 million.
- Group consolidated Net Tangible Assets per share of \$2.47 (FY17: \$2.39)¹.

PORTFOLIO REPLENISHMENT AND CAPACITY FOR SITE ACQUISITIONS

- Strategic site acquisition in Chapel Hill for \$5.5M.
- Gearing 23% debt to assets; 35% debt to equity. (FY17: debt to assets 34%, debt to equity 60%).
- Balance sheet provides capacity as at 31 December 2017 of \$17.8 million in cash and \$183.8 million in undrawn working capital.

KEY OPERATIONAL HIGHLIGHTS FOR PERIOD 31 DECEMBER 2017 (1H18)

	UNIT	1H18	1H17
STATUTORY NPAT	\$M	20.7	5.0
BASIC EARNINGS PER SHARE	CENTS	13.6	3.1
INTERIM DIVIDEND PER SHARE	CENTS	5.0	4.0
		31/12/17	30/06/17
INTEREST BEARING DEBT	\$M	128.7	218.1
TOTAL ASSETS	\$M	558.0	651.2
EQUITY	\$M	371.6	363.8
NET TANGIBLE ASSETS PER SHARE ¹	\$	2.47	2.39
GEARING (DEBT TO TOTAL ASSETS)	%	23%	34%
GEARING (DEBT TO EQUITY)	%	35%	60%
SALES		1H18	1H17
VALUE	\$M	92.7	199.5
VOLUME	#	179	281
AVERAGE PRICE	\$K	518	710
SETTLEMENTS (ACCOUNTING)		1H18	1H17
VALUE	\$M	191.6	95.4
VOLUME	#	238	178
AVERAGE PRICE	\$K	805	540

1. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

1H18 MILESTONES

CAPITAL MANAGEMENT

- The Group's share buyback program reduced the number of shares on issue by 2.1 million at an average price of \$1.72 per share.
- Fully franked interim dividend of 5 cents per share (payable 23 March 2018).
- Directors have provided guidance for the full year dividend, with an intention of paying 11cps fully franked. This would result in a final dividend payment of 6cps fully franked.
- Continued settlements have reduced working capital debt, further improving capacity with undrawn lines currently at \$183.8 million.
- The diversification of the debt structures towards long-term facilities in the nature of bonds and fixed-term loans. This ensures our debt structures are better aligned to the nature of our portfolio.

PORTFOLIO

- The portfolio is weighted towards South-East Queensland.
- The multi-storey portfolio has a focus on staged medium-rise developments.
- Whilst contract fall overs continue to be experienced, purchaser deposits are forfeited to the Group and resales are achieved at contract value or above.
- Settlement timeframe is generally 14 days, although the Group recently experienced longer settlement periods with penalty interest applied.
- Potentially up to six new projects to be launched during FY18 (pending development approvals where applicable):

LAUNCHED 1H18

- Arbour Residences, Residential Housing (QLD)

ANTICIPATED THROUGH 2H18

- Magnoli Apartments, Multi-storey & Residential Housing (QLD)
- 272 Hedges Avenue, Multi-Storey (QLD)
- Montaine Residences, Residential Housing (NSW)
- The Hills Residences, Residential Housing (QLD)
- The Heights, Urban Development (QLD)

PORTFOLIO UNDER CONSTRUCTION & COMING SOON



COMING SOON

BRISBANE

THE HILLS RESIDENCES
RESIDENTIAL HOUSING

KIRKDALE RESIDENCES
RESIDENTIAL HOUSING

GRACE ON CORONATION
MULTI-STOREY

GOLD COAST

272 HEDGES AVENUE
MULTI-STOREY

MAGNOLI APARTMENTS
MULTI-STOREY

THE LANES RESIDENCES
MULTI-STOREY

GREENMOUNT RESIDENCES
MULTI-STOREY

THE LANES
RETAIL

ONE MARINE PARADE
MULTI-STOREY

SYDNEY

MONTAINE RESIDENCES
RESIDENTIAL HOUSING

INGLESIDE
RESIDENTIAL HOUSING

MONA VALE
RESIDENTIAL HOUSING

FINANCIAL AND OPERATIONAL REVIEW

FINANCIAL PERFORMANCE

RESIDENTIAL HOUSING AND URBAN DEVELOPMENT

- Residential housing and urban development continues to provide a sound earnings profile and will be strategically complemented by the multi-storey portfolio.
- Developments achieved 22% return on cost, exceeding the Group's target of 20%.
- The land and housing portfolio has a leverage target of 35% of inventory value.

MULTI-STOREY

- Material contribution from Abian is all but complete, with 98% of apartments settled.
- Contribution from this segment will continue with Marina Concourse.
- Marketing costs are expensed ahead of revenue recognition for all projects.

CAPITAL MANAGEMENT

- The Group continued its share buy back program acquiring 2.1 million shares for a total value of \$3.6 million, representing an average of \$1.72 per share.
- The various buy back programs, which commenced in 2009, have decreased issued shares by 54% at an average price of 94cps.
- Portfolio has continued to be replenished through free cashflow and debt facilities.
- The Group has broadened and strengthened its funding options with the 2016 five year note issue and an additional five year term facility obtained during the previous period.
- Funding structures align to match short, medium and longer term programs of the development portfolio.

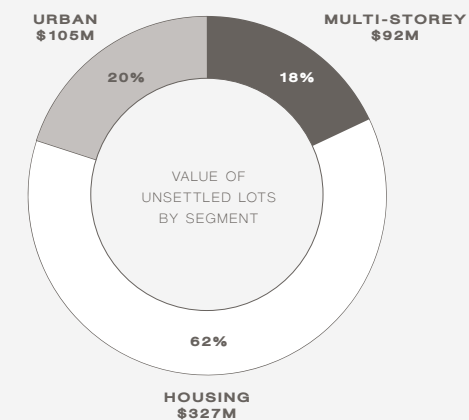
KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2017

\$M	1H18	1H17
TOTAL REVENUE	195.0	102.9
REVENUE – SALE OF PROPERTY	191.6	95.4
STATUTORY NET PROFIT BEFORE TAX	29.3	6.5
LESS: TAX EXPENSE	8.6	1.5
STATUTORY NET PROFIT AFTER TAX	20.7	5.0
EBIT	34.3	9.1
INTEREST COVER (TIMES)	6.9	3.4
INTERIM DIVIDEND (CENTS)	5.0	4.0
FULL YEAR DIVIDEND GUIDANCE	11.0	-
PERFORMANCE INDICATORS		
DEVELOPMENT RETURN ON COST		
– LAND AND HOUSING	22%	18%
– MULTI-STOREY	21%	-
– OVERALL	22%	18%

OPERATIONAL REVIEW—PROJECTS UNDER CONSTRUCTION

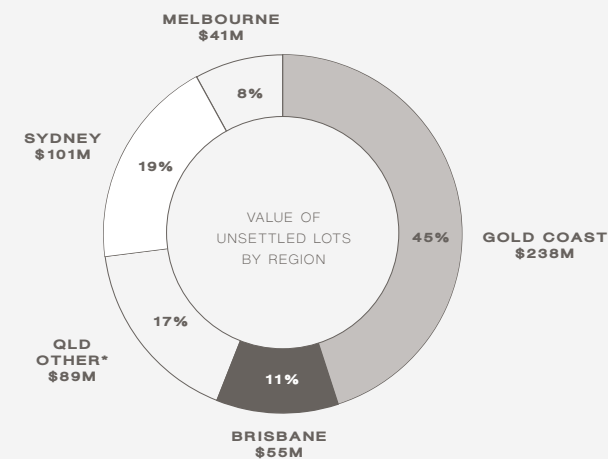
PROJECTS UNDER CONSTRUCTION BY SEGMENT (AS AT 31 JANUARY 2018)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
MULTI-STOREY	113	92	62	51	55%	55%
HOUSING	424	327	289	259	68%	79%
URBAN	546	105	57	18	10%	17%
SUB-TOTAL	1,083	524	408	328	38%	63%



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

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
BRISBANE	31	55	24	43	77%	78%
GOLD COAST	406	238	200	133	49%	56%
SYDNEY	80	101	80	101	100%	100%
MELBOURNE	81	41	81	41	100%	100%
QUEENSLAND - OTHER	485	89	23	10	5%	11%
SUB-TOTAL	1,083	524	408	328	38%	63%

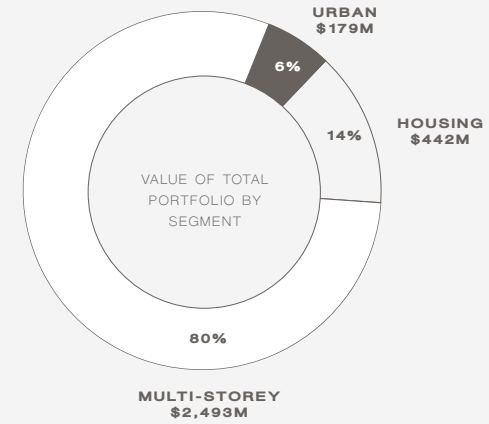


* TOWNSVILLE AND SUNSHINE COAST

OPERATIONAL REVIEW—TOTAL DEVELOPMENT PORTFOLIO

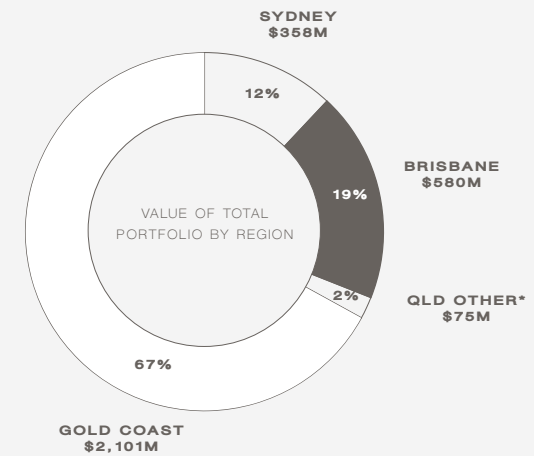
TOTAL DEVELOPMENT PORTFOLIO BY SEGMENT (AS AT 31 DECEMBER 2017)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	(\$M)	#	\$M	#	\$M
MULTI-STOREY	2,617	2,493	113	92	2,730	2,585
HOUSING	596	442	424	327	1,020	769
URBAN	842	179	546	105	1,388	284
SUB-TOTAL	4,055	3,114	1,083	524	5,138	3,638



TOTAL DEVELOPMENT PORTFOLIO BY GEOGRAPHIC REGION (AS AT 31 DECMEBER 2017)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	\$M	#	\$M	#	\$M
BRISBANE	682	580	31	55	713	635
GOLD COAST	2,588	2,101	406	238	2,964	2,339
SYDNEY	385	358	80	101	465	459
MELBOURNE	-	-	81	41	81	41
QUEENSLAND - OTHER	430	75	485	89	915	164
SUB-TOTAL	4,055	3,114	1,083	524	5,138	3,638



* TOWNSVILLE AND SUNSHINE COAST

OUTLOOK

OUTLOOK

A PREMIUM PORTFOLIO of residential developments will be launched during the second half of FY18, including a significant expansion of the Group's multi-storey portfolio, and new residential housing developments.

STRONG CASHFLOW generated from the settlement of residential projects, in addition to the Group's diversified income stream from retail assets, will continue to assist in the delivery and replenishment of the portfolio.

SUNLAND INTENDS to pay total dividends of 11 cents per share for the FY18 financial year (5 cents per share interim dividend and 6 cents per share full year dividend). Dividends will be fully franked.

RECONFIRMS FY18 GUIDANCE of between \$27 million and \$30 million net profit after tax.

THE GROUP MAINTAINS its conservative approach to portfolio delivery and replenishment and continues to implement a counter-cyclical approach to navigate market cycles and mitigate risk.

SUNLAND'S CAPITAL MANAGEMENT initiatives, strong balance sheet, and access to capital continue to provide a stable platform from which to improve profitability and deliver sustainable shareholder returns.

PORTFOLIO DETAILS

PORTFOLIO UNDER CONSTRUCTION

PORTFOLIO UNDER CONSTRUCTION	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)
MULTI STOREY										
ABIAN, QLD	150	\$241	147	\$235	3	\$6	3	\$6	-	-
ROYAL PINES - MARINA CONCOURSE, QLD	110	\$86	-	-	110	\$86	59	\$45	51	\$41
SUB-TOTAL	260	\$327	147	\$235	113	\$92	62	\$51	51	\$41
HOUSING										
THE HEIGHTS RESIDENCES, QLD	60	\$27	39	\$17	21	\$9	13	\$6	8	\$3
ARBOUR RESIDENCES, QLD	113	\$50	-	\$0	113	\$50	3	\$1	110	\$49
SHEA RESIDENCES, QLD	28	\$49	-	-	28	\$49	21	\$37	7	\$12
ANCORA, QLD	50	\$25	48	\$24	2	\$1	2	\$1	-	-
THE GARDENS, VIC	176	\$89	95	\$47	81	\$41	81	\$41	-	-
THE TERRACES, QLD	163	\$79	139	\$67	24	\$11	22	\$10	2	\$1
18 MACPHERSON STREET, NSW	79	\$100	-	-	79	\$100	79	\$100	-	-
PAVILIONS, QLD	60	\$28	52	\$25	8	\$3	-	-	8	\$3
THE LAKES RESIDENCES, QLD	67	\$62	-	-	67	\$62	67	\$62	-	-
DAHLIA RESIDENCES, NSW	170	\$140	169	\$139	1	\$1	1	\$1	-	-
SUB-TOTAL	966	\$649	542	\$319	424	\$327	289	\$259	135	\$68
URBAN										
BAYSIDE, QLD	624	\$106	171	\$30	453	\$75	1	-	452	\$75
ROYAL PINES - ONE TREE HILL, QLD	6	\$5	-	-	6	\$5	6	\$5	-	-
THE HEIGHTS, QLD	327	\$83	240	\$58	87	\$25	50	\$13	58	\$12
SUB-TOTAL	957	\$194	411	\$88	546	\$105	57	\$18	510	\$87
TOTAL PROJECTS UNDER CONSTRUCTION	\$2,183	\$1,170	1100	\$642	1083	\$524	408	\$328	696	\$196

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	217	\$203			217	\$203			217	\$203
THE LAKES, QLD	1218	\$954			1218	\$954			1218	\$954
MAGNOLI APARTMENTS, QLD	210	\$169			210	\$169			210	\$169
GREENMOUNT RESIDENCES, QLD	247	\$367			247	\$367			247	\$367
272 HEDGES AVENUE, QLD	95	\$237			95	\$237			95	\$237
SUB-TOTAL	2,617	\$2,493			2,617	\$2,493			2,617	\$2,493
HOUSING										
INGLESIDE, NSW	99	\$119			99	\$119			99	\$119
KIRKDALE RESIDENCES, QLD	33	\$31			33	\$31			33	\$31
MONTAINE RESIDENCES, NSW	143	\$91			143	\$91			143	\$91
MONA VALE, NSW	71	\$87			71	\$87			71	\$87
THE HILLS RESIDENCES, QLD	91	\$47			91	\$47			91	\$47
THE HEIGHTS, QLD	159	\$67			159	\$67			159	\$67
SUB-TOTAL	596	\$442			596	\$442			596	\$442
URBAN										
BUSHLAND BEACH, QLD	430	\$75			430	\$75			430	\$75
THE HEIGHTS, QLD	412	\$104			412	\$104			412	\$104
SUB-TOTAL	842	\$179			842	\$179			842	\$179
TOTAL PORTFOLIO TO BE RELEASED	4,055	\$3,114			4,055	\$3,114			4,055	\$3,114
FUTURE PROJECTS										
MARINER'S COVE, QLD	439	\$493			439	\$493			439	\$493
VARSITY LAKES, QLD	516	\$223			516	\$223			516	\$223
TOTAL FUTURE PROJECTS	955	\$716			955	\$716			955	\$716

PROJECT SETTLEMENT TIMELINE

PORTFOLIO UNDER CONSTRUCTION

FY18

FY19

FY20

FY21 & BEYOND

MULTI-STOREY

ABIAN, QLD	[Timeline bar spanning FY18 and FY19]			
MARINA CONCOURSE, QLD	[Timeline bar spanning FY18, FY19, and FY20]			

HOUSING

THE GARDENS, VIC	[Timeline bar spanning FY18, FY19, and FY20]			
PAVILIONS, QLD	[Timeline bar spanning FY18, FY19, and FY20]			
THE LAKES RESIDENCES, QLD	[Timeline bar spanning FY18, FY19, and FY20]			
THE TERRACES, QLD	[Timeline bar spanning FY18 and FY19]			
ANCORA, QLD	[Timeline bar spanning FY18 and FY19]			
SHEA RESIDENCES, QLD	[Timeline bar spanning FY18, FY19, and FY20]			
THE HEIGHTS RESIDENCES, QLD	[Timeline bar spanning FY18 and FY19]			
THE HEIGHTS - PARK TERRACES, QLD	[Timeline bar spanning FY18 and FY19]			
DAHLIA, NSW	[Timeline bar spanning FY18 and FY19]			
18 MACPHERSON STREET, NSW	[Timeline bar spanning FY19, FY20, and FY21 & BEYOND]			
ARBOUR RESIDENCES, QLD	[Timeline bar spanning FY19, FY20, and FY21 & BEYOND]			

URBAN

THE HEIGHTS, QLD	[Timeline bar spanning FY18, FY19, and FY20]			
BAYSIDE, QLD	[Timeline bar spanning FY18, FY19, and FY20]			
ROYAL PINES- ONE TREE HILL, QLD	[Timeline bar spanning FY18 and FY19]			

NB: ANTICIPATED TIMING OF SETTLEMENTS SUBJECT TO DELIVERY PROGRAMS

PROJECT SETTLEMENT TIMELINE

PORTFOLIO TO BE RELEASED	FY18	FY19	FY20	FY21 & BEYOND
MULTI STOREY				
MARINER'S COVE, QLD				■
GRACE ON CORONATION, QLD				■
ONE MARINE PARADE, QLD				■
GREENMOUNT RESIDENCES, QLD				■
272 HEDGES AVENUE, QLD				■
MAGNOLI APARTMENTS, QLD			■	■
THE LAKES, QLD				■
INGLESIDE, NSW				■
VARSITY, QLD				■
HOUSING				
INGLESIDE, NSW				■
MONA VALE, NSW				■
THE HILLS RESIDENCES, QLD			■	■
MONTAINE RESIDENCES, NSW			■	■
THE HEIGHTS - FUTURE HOUSING, QLD		■	■	■
THE TERRACES - STAGE 14, QLD				■
KIRKDALE RESIDENCES, QLD			■	■
URBAN				
THE HEIGHTS, QLD			■	■
BAYSIDE, QLD			■	■
RETAIL				
MARINA CONCOURSE, QLD		■		
THE LANES, QLD				■
MARINER'S COVE, QLD				■

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

Sunland Group

ESTABLISHED

1983