

**FULL YEAR RESULTS 2016**

Sunland Group

## GROUP OVERVIEW

# Sunland Group

ESTABLISHED

1983

In 2016, Sunland Group is celebrating 22 years as a listed company on the Australian Securities Exchange and 33 years as a leading property developer, delivering award-winning, design driven communities along Australia's eastern seaboard. The Group's core operating segments comprise Residential Housing, Urban Development and Multi-Storey development in Queensland, New South Wales and Victoria.

## 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.

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. Our initial efforts will be focused upon environmental and sustainable design initiatives that contribute towards betterment.

## NATIONAL PORTFOLIO

The Group's portfolio represents in excess of 6,300 residential homes, urban land lots and multi-storey apartments, representing \$4.3 billion.\*

MULTI-STOREY	RESIDENTIAL HOUSING	URBAN	TOTAL
#	#	#	#
<b>3,189</b>	<b>1,565</b>	<b>1,550</b>	<b>6,304</b>
\$M	\$M	\$M	\$M
<b>2,903</b>	<b>1,046</b>	<b>308</b>	<b>4,257</b>

\*THIS FIGURE IS BASED UPON OBTAINING APPROVALS FROM COUNCIL'S ON VARIOUS DEVELOPMENT APPLICATIONS SUBMITTED

## FY16 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 PIPELINE

#### STRONG FY16 FINANCIAL RESULT UNDERPINNED BY DELIVERY OF RECENT ACQUISITIONS AND PRICE GROWTH IN THOSE LOCATIONS

- Statutory Net Profit After Tax of \$31.5 million (2015: \$30.1 million).
- Earnings per share increased 17% to 19.7 cents<sup>1</sup>.
- Full year fully franked dividend of 8 cents per share with interim 3cps (paid March 2016) and final 5cps (payable September 2016).
- 426 sales and 443 settlements (2015: 754 sales and 389 settlements).
- Group consolidated Net Tangible Assets per share of \$2.22 (2015: \$2.01)<sup>1</sup>.

#### PORTFOLIO REPLENISHMENT THROUGH STRATEGIC SITE ACQUISITIONS

- \$41 million in new site acquisitions and a further \$32m committed  
Acquired:
  - Shea Residences, St. Lucia (QLD): \$11.1M
  - 18 McPherson Street (NSW): \$19.2M
  - Archer St (QLD) \$3.3m
  - Mona Vale Rd (NSW): \$7.6M
 Committed:
  - Greenmount (QLD): \$26.0M (Settles December 2016)
  - Everton Hills (QLD): \$6.0M (Settles November 2016)
- Gearing 33% debt to assets; 56% debt to equity.
- Balance sheet capacity with \$19.9 million in cash and \$97.4 million in undrawn working capital.

1. BASED ON CONSOLIDATED ISSUED SHARES AS AT BALANCE DATE

#### KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2015

	UNIT	FY16	FY15	% CHANGE
STATUTORY NPAT	\$M	31.5	30.1	5%
EARNINGS PER SHARE	CENTS	19.7	16.9	17%
ORDINARY DIVIDENDS PER SHARE	CENTS	8.0	4.0	100%
SPECIAL DIVIDENDS PER SHARE	CENTS	-	6.0	
<b>INTEREST BEARING DEBT</b>				
INTEREST BEARING DEBT	\$M	201.3	113.3	
<b>TOTAL ASSETS</b>				
TOTAL ASSETS	\$M	612.4	505.3	
<b>EQUITY</b>				
EQUITY	\$M	356.4	357.8	
NET TANGIBLE ASSETS PER SHARE	\$	2.22	2.01	
GEARING (DEBT TO TOTAL ASSETS)	%	33%	22%	
GEARING (DEBT TO EQUITY)	%	56%	32%	
<b>SALES</b>				
VALUE	\$M	261.3	509.0	24%
VOLUME	#	426.0	754.0	-44%
AVERAGE PRICE	\$K	613.0	675.0	-
<b>SETTLEMENTS</b>				
VALUE*	\$M	235.6	189.6	24%
VOLUME	#	443.0	387.0	14%
AVERAGE PRICE	\$K	541.0	490.0	-

\* FY15 SETTLEMENTS VALUE EXCLUDES REVENUE FROM STRATEGIC PROJECT SALES TOTALING \$90.1M

## FY16 MILESTONES

### CAPITAL MANAGEMENT

- The Group's combined share buy back programs commenced during 2009 and have reduced the issued shares by approximately 50% at an average price of 89 cents per share. These programs have doubled the earnings per share profile and greatly enhances the Groups Net Tangible Asset position per share
- The Groups shares on issue have been trading at discount to NTA which is providing an opportunity for further strategic buy back programs. Furthermore, capital has been deployed for new acquisitions totalling \$41 million during for the year and supplemented committed acquisitions totalling \$32 million
- Dividend payments for FY16 comprise interim 3 cents per share (March 2016) and 5 cents per share final (September 2016). Dividends are fully franked
- Group capacity remains strong with available undrawn debt lines with \$19.9 million in cash and \$97.4 million in undrawn working capital lines
- The Group accessed debt capital markets with a \$50 million note issue which in turn broadened our funding options

### PORTFOLIO

- The portfolio is weighted towards South East Queensland
- Re-emergence of multi-storey portfolio with a predominant focus on staged medium rise developments
- Settlement volume has increased from previous years to 14% with 443 settlements
- Potentially up to 9 new projects to be launched for FY17:

#### Residential housing and urban development

- The Lakes Residences (QLD)
- 18 McPherson St, Warriewood (NSW)
- The Heights (QLD)
- Everton Hills (QLD)

#### Multi-storey

- Palm Beach (QLD)
- Greenmount (QLD)
- Marina Concourse (QLD)
- Lakes Multi-Storey (QLD)
- Grace on Coronation (QLD)

## 2016 PORTFOLIO UNDER CONSTRUCTION & COMING SOON



### COMING SOON

#### BRISBANE

**GRACE ON CORONATION**  
MULTI-STOREY

**EVERTON HILLS**  
RESIDENTIAL HOUSING

#### GOLD COAST

**THE LAKES**  
MULTI-STOREY/RETAIL

**PALM BEACH**  
MULTI-STOREY

**GREENMOUNT**  
MULTI-STOREY

**THE MARINER**  
MULTI-STOREY

**VARSIITY LAKES**  
RESIDENTIAL HOUSING

**THE HEIGHTS**  
RESIDENTIAL HOUSING

#### SYDNEY

**18 MCPHERSON STREET**  
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 complimented by multi-storey portfolio
- Return on cost exceeded Groups objective of 20%
- The land and housing portfolio is leveraged to 35% of inventory value.

### MULTI-STOREY

- Contribution from multi-storey development will emerge in 2017
- Marketing costs are expensed ahead of revenue recognition which may be material with multi-storey projects.

### CAPITAL MANAGEMENT

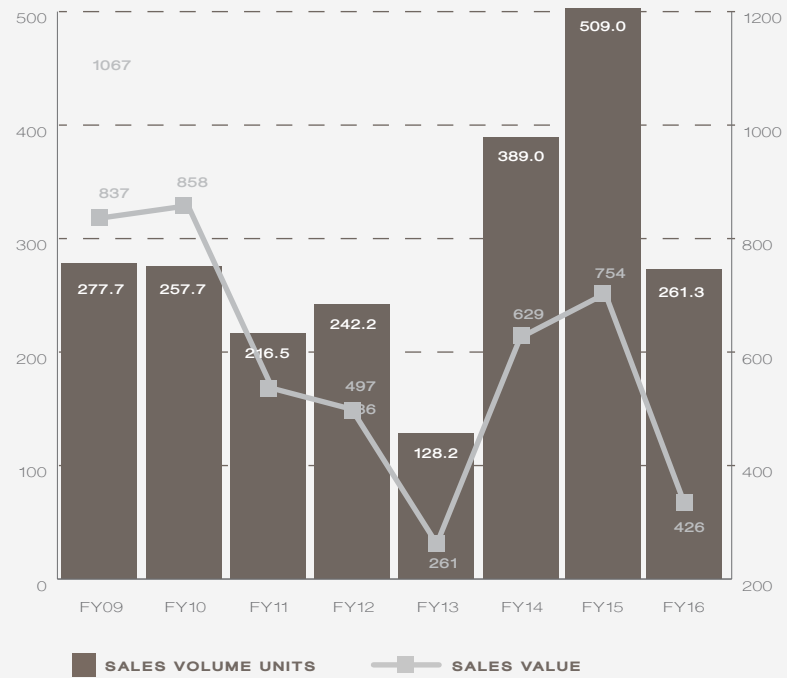
- The Group completed share buy back of 17.8 million shares for value \$28.0 million representing \$1.57 average per share
- The various buy back programs, which commenced in 2009, have decreased the issued shares on issue by approximately 50%
- Portfolio has continued to be replenished through free cashflow and debt lines facilities
- The note issue of \$50 million over 5 years with a half yearly coupon of 7.55% has broadened debt options for the Group and assists with longer term debt solutions for the portfolio.

### KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2016

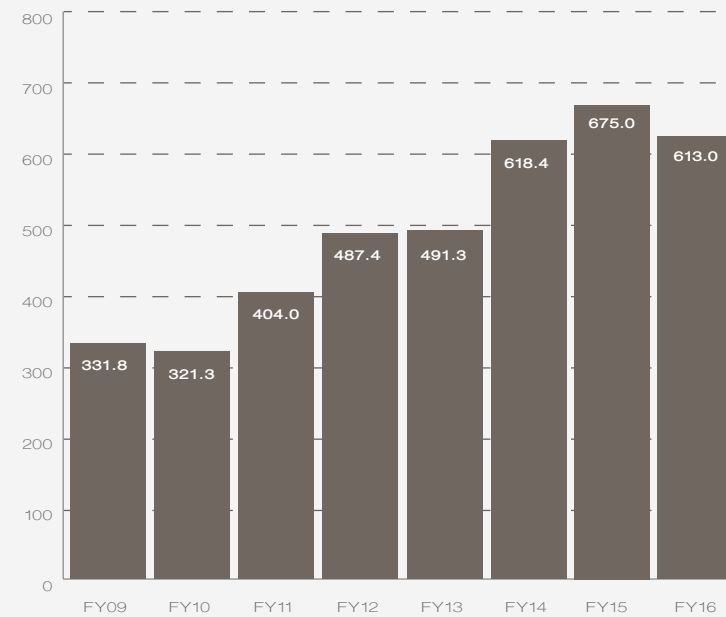
	\$M	FY16	FY15	% CHANGE
TOTAL REVENUE		258.7	289.0	-10%
REVENUE – SALE OF PROPERTY				
– STRATEGIC SALES		-	90.1	
– SALE OF PROPERTY		235.6	189.7	24%
STATUTORY NET PROFIT BEFORE TAX		45.0	44.6	1%
LESS: TAX EXPENSE		13.5	14.6	-8%
STATUTORY NET PROFIT AFTER TAX		31.5	30.1	5%
EBIT		49.5	51.3	-4%
INTEREST COVER (TIMES)		11.3	7.8	46%
INTERIM DIVIDEND (CENTS)		3.0	2.0	50%
SPECIAL DIVIDEND (CENTS)		-	6.0	-
FINAL DIVIDEND (CENTS)		5.0	2.0	150%
TOTAL DIVIDENDS		8.0	10.0	-20%
<b>PERFORMANCE INDICATORS</b>				
DEVELOPMENT RETURN ON COST				
– LAND AND HOUSING		36%	30%	
– MULTI-STOREY		11%	20%	
– OVERALL		35%	29%	
RETURN OF EQUITY: BEFORE TAX		13%	13%	
RETURN OF EQUITY: AFTER TAX		9%	9%	
EPS GROWTH		17%	111%	

## OPERATIONAL REVIEW—SALES AND SETTLEMENTS

**HISTORICAL SALES VALUE AND VOLUME (YEAR ENDING 30 JUNE 2016)**



**AVERAGE SALE PRICE (YEAR ENDING 30 JUNE 2016)**

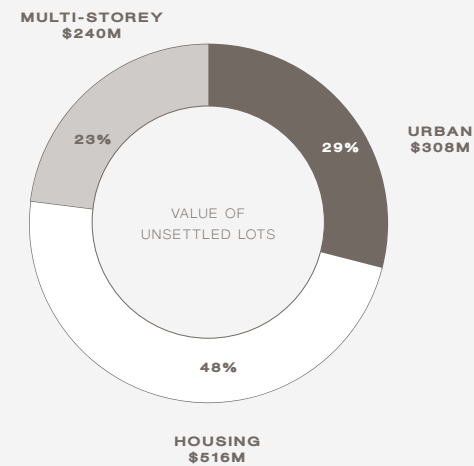


Sales for FY15 included multi-storey for Abian (QLD) and Marina Concourse (QLD) and land and housing sales in Sydney and Melbourne projects. There were no new launches of multi-storey portfolio nor were there any new house and land projects in Sydney or Melbourne.

## OPERATIONAL REVIEW—PROJECTS UNDER CONSTRUCTION

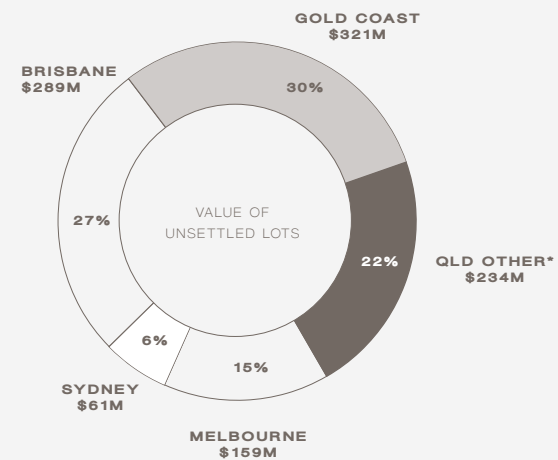
**PROJECTS UNDER CONSTRUCTION BY SEGMENT (AS AT 30 JUNE 2016)**

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
MULTI-STOREY	150	240	150	240	100%	100%
HOUSING	823	516	588	355	71%	69%
URBAN	1,550	308	41	10	2%	3%
<b>SUB-TOTAL</b>	<b>2,523</b>	<b>1,064</b>	<b>779</b>	<b>605</b>	<b>31%</b>	<b>57%</b>



**PROJECTS UNDER CONSTRUCTION BY REGION (AS AT 30 JUNE 2016)**

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
BRISBANE	178	289	151	242	85%	84%
GOLD COAST	877	321	171	105	20%	33%
SYDNEY	69	61	69	61	100%	100%
MELBOURNE	307	159	307	159	100%	100%
QUEENSLAND OTHER*	1,092	234	81	38	7%	16%
<b>SUB-TOTAL</b>	<b>2,523</b>	<b>1,064</b>	<b>779</b>	<b>605</b>	<b>31%</b>	<b>57%</b>

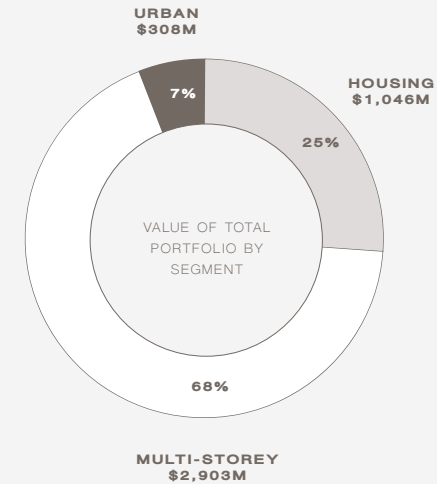


\* TOWNSVILLE AND SUNSHINE COAST

**OPERATIONAL REVIEW—TOTAL DEVELOPMENT PORTFOLIO**

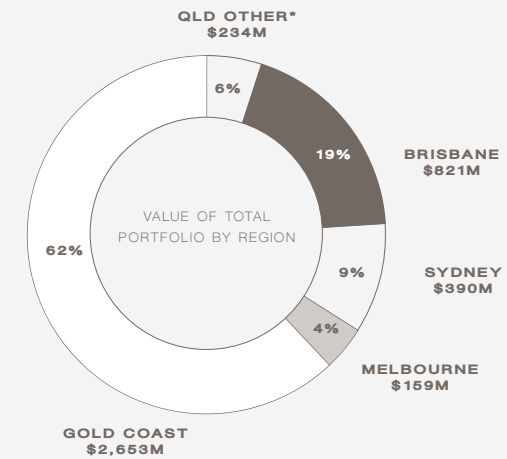
**TOTAL DEVELOPMENT PORTFOLIO BY SEGMENT (AS AT 30 JUNE 2016)**

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	(\$M)	#	\$M	#	\$M
MULTI-STOREY	3,039	2,663	150	240	3,189	<b>2,903</b>
HOUSING	742	530	823	516	1,565	<b>1,046</b>
URBAN	-	-	1,550	308	1,550	<b>308</b>
<b>SUB-TOTAL</b>	<b>3,781</b>	<b>3,193</b>	<b>2,523</b>	<b>1,064</b>	<b>6,304</b>	<b>4,257</b>



**TOTAL DEVELOPMENT PORTFOLIO BY GEOGRAPHIC REGION (AS AT 30 JUNE 2016)**

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	\$M	#	\$M	#	\$M
BRISBANE	597	532	178	289	775	<b>821</b>
GOLD COAST	2,862	2,332	877	321	3,739	<b>2,653</b>
SYDNEY	322	329	69	61	391	<b>390</b>
MELBOURNE	-	-	307	159	307	<b>159</b>
QUEENSLAND OTHER*	-	-	1,092	234	1,092	<b>234</b>
<b>SUB-TOTAL</b>	<b>3,781</b>	<b>3,193</b>	<b>2,523</b>	<b>1,064</b>	<b>6,304</b>	<b>4,257</b>



\* TOWNSVILLE AND SUNSHINE COAST

## OUTLOOK

## OUTLOOK

**SUNLAND IS FOCUSED ON** the delivery of its portfolio within the strong performing markets of South East Queensland, Sydney and Melbourne. The Group's portfolio provides earnings visibility into the medium-term.

**SUNLAND INTENDS TO LAUNCH** up to nine new residential developments in FY17 across the diverse development segments and geographic markets.

**SUNLAND'S MULTI-STOREY PORTFOLIO** is increasingly focused on integrated mid-rise apartment developments that provide opportunity for staged delivery and meets the growing demand for medium-density living solutions and sustainable community amenity.

**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.

**THE DEPTH AND LONG-TERM OUTLOOK** of Sunland's portfolio, combined with the Group's strong balance sheet, access to capital and cash flow generation, continue to provide a stable platform from which from which earnings growth is maintained.

## PORTFOLIO DETAILS



**PORTFOLIO UNDER CONSTRUCTION**

PORTFOLIO UNDER CONSTRUCTION	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)	(#)	(\$M)
<b>MULTI STOREY</b>										
ABIAN, QLD	150	240.3	0	-	150	240.3	150	240.3	0	-
SUB-TOTAL	150	240.3	0	-	150	240.3	150	240.3	0	-
<b>HOUSING</b>										
ROYAL PINES - ONE TREE HILL, QLD	29	30.8	23	25.8	6	5.0	6	5.0	0	-
THE HEIGHTS - PARK TERRACES	36	19.5	0	-	36	19.5	6	3.2	30	16.3
THE HEIGHTS - THE HEIGHTS RESIDENCES	60	26.5	0	-	60	26.5	10	4.4	50	22.1
SANCTUARY COVE - THE PARKWAY	16	19.2	0	-	16	19.2	16	19.2	0	-
SANCTUARY COVE - MELIAH	19	19.3	9	7.1	10	12.2	10	12.2	0	-
QUAYS HOPE ISLAND, QLD	40	18.0	40	18.0	0	-	0	-	0	-
ANCORA, QLD	50	24.6	0	-	50	24.6	49	24.1	1	0.5
MAGNOLI RESIDENCE, QLD	88	64.9	0	-	88	64.9	38	28.1	50	36.8
SHEA, QLD	28	49.6	0	-	28	49.6	1	2.1	27	47.5
CARRÉ, VIC	239	128.1	108	56.5	131	71.6	131	71.6	0	-
THE GARDENS, VIC	176	87.2	0	-	176	87.2	176	87.2	0	-
THE TERRACES, QLD	223	107.5	70	33.0	153	74.5	76	37.5	77	37.0
DAHLIA, NSW	170	140.3	101	79.6	69	60.7	69	60.7	0	-
SUB-TOTAL	1174	735.5	351	220.0	823	515.5	588	355.3	235	160.2
<b>URBAN</b>										
BAYSIDE, QLD	1,673	260.2	734	100.8	939	159.4	5	0.8	934	158.6
THE HEIGHTS, QLD	692	167.7	82	19.5	610	148.2	36	8.8	574	139.4
LAKE VIEW - URBAN, QLD	41	32.7	40	32.0	1	0.7	0	-	1	0.7
SUB-TOTAL	2,406	460.6	856	152.3	1550	308.3	41	9.6	1509	298.7
<b>TOTAL PROJECTS UNDER CONSTRUCTION</b>	<b>3,730</b>	<b>1,436.4</b>	<b>1,207</b>	<b>372.3</b>	<b>2,523</b>	<b>1,064.1</b>	<b>779</b>	<b>605.2</b>	<b>1,744</b>	<b>458.9</b>

**PORTFOLIO TO BE RELEASED**

PORTFOLIO TO BE RELEASED	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)
<b>MULTI STOREY</b>										
INGLESIDE - ELLANORA, NSW	72	58.8			72	58.8	0	-	72	58.8
MARINERS COVE, QLD	439	482.7			439	482.7	0	-	439	482.7
TOOWONG, QLD	506	485.0			506	485.0	0	-	506	485.0
1 MARINE PARADE, QLD	217	194.5			217	194.5	0	-	217	194.5
ROYAL PINES-CONCOURSE CENTRAL, QLD	110	81.6			110	81.6	0	-	110	81.6
LAKE VIEW - MULTI STORY, QLD	1351	1,053.0			1351	1,053.0	0	-	1351	1,053.0
PALM BEACH, QLD	162	83.9			162	83.9	0	-	162	83.9
GREENMOUNT, QLD	182	223.1			182	223.1	0	-	182	223.1
SUB-TOTAL	3039	2,662.6			3039	2,662.6	0	-	3039	2,662.6
<b>HOUSING</b>										
INGLESIDE - ELLANORA, NSW	99	99.1			99	99.1	0	-	99	99.1
INGLESIDE - MONA VALE, NSW	70	85.5			70	85.5	0	-	70	85.5
WARRIEWOOD, NSW	81	85.6			81	85.6	0	-	81	85.6
EVERTON HILLS, QLD	91	47.1			91	47.1	0	-	91	47.1
THE HEIGHTS - FUTURE HOUSING, QLD	274	120.6			274	120.8	0	-	274	120.8
LAKE VIEW - HOUSING, QLD	67	59.9			67	59.9	0	-	67	59.9
VARSITY LAKES, QLD	60	33.0			60	33.0	0	-	60	33.0
SUB-TOTAL	742	530.8			742	531.0	0	-	742	531.0
<b>URBAN</b>										
	-	-	-	-	-	-	-	-	-	0
<b>TOTAL PORTFOLIO TO BE RELEASED</b>	<b>3,781</b>	<b>3,193.4</b>	<b>0</b>	<b>-</b>	<b>3,781</b>	<b>3,193.6</b>	<b>0</b>	<b>-</b>	<b>3781</b>	<b>3,193.6</b>

**PROJECT SETTLEMENT TIMELINE**

<b>PORTFOLIO UNDER CONSTRUCTION</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20 &amp; BEYOND</b>
<b>MULTI STOREY</b>				
ABIAN, QLD	█			
<b>HOUSING</b>				
CARRÉ, VIC	█			
THE GARDENS, VIC	█			
THE TERRACES, QLD	█			
MAGNOLI, QLD	█			
PARKWAY—SANCTUARY COVE, QLD	█			
MELIAH—SANCTUARY COVE, QLD	█			
ANCORA, QLD	█			
SHEA RESIDENCES, QLD		█		
THE HEIGHTS RESIDENCES QLD			█	
DAHLIA, NSW	█			
<b>URBAN</b>				
THE HEIGHTS, QLD	█			
BAYSIDE, QLD	█			

NB: ANTICIPATED TIMING OF SETTLEMENTS SUBJECT TO DELIVERY PROGRAMS



Sunland Group

ESTABLISHED

1983