

# 2016

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

# 2016

Sunland Group

# *WELCOME*

2016 marked Sunland's 22nd year as a listed company on the Australian Securities Exchange and more than 33 years as a leading property developer. The Group's core operating segments comprise residential housing, urban development and multi-storey development in Queensland, New South Wales and Victoria.

# **FY16 KEY RESULTS AND HIGHLIGHTS**

## **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.
- Fully franked dividend of 8 cents per share with interim 3cps (paid March 2016) and final 5cps (paid 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).

## **PORTFOLIO REPLENISHMENT THROUGH STRATEGIC SITE ACQUISITIONS**

- \$41 million in new site acquisitions and a further \$47m committed.

### **ACQUIRED**

- Shea Residences, St Lucia (QLD): \$11.1M
- 18 Macpherson 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)
- Mt Annan (NSW): \$15.0M (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.

# *FY16 MILESTONES*

## **CAPITAL MANAGEMENT**

- The Group's share buy back programs commenced in 2009. Combined, they have reduced the total shares on issue by approximately 50%, at an average price of 89 cents per share. These programs have doubled the earnings per share profile and significantly enhanced the Group's Net Tangible Asset position per share.
- The Group's shares on issue have been trading at discount to NTA, which provided an opportunity for further strategic buy back programs.
- During the year capital was deployed for new acquisitions totaling \$41 million and supplemented committed acquisitions totaling \$47 million.
- Dividend payments for FY16 comprised an interim 3 cents per share (March 2016) and 5 cents per share final (September 2016). Dividends were fully franked.
- The Group accessed debt capital markets with a \$50 million note issue, which in turn broadened our funding options.

## **MARKET OVERVIEW**

**SOUTH-EAST QUEENSLAND CONTINUES** to experience growth and we see good opportunities in niche segments of these residential markets, particularly in luxury housing, medium-density and master planned communities.

**SECURING QUALITY DEVELOPMENT SITES** in the key markets of Sydney, Melbourne and Brisbane remains extremely competitive.

**CONSUMER SENTIMENT IS DISJOINTED**, reflecting the different stages in the property cycle that each capital city market is moving towards. Price growth also remains incongruent from city to city, particularly between Sydney/Melbourne and South-East Queensland.

**ONGOING GEOPOLITICAL INSTABILITY** will continue to influence all global markets.

**MEDIAN HOUSE PRICE GROWTH**

	2009 MARCH QUARTER	2014 MARCH QUARTER	2015 MARCH QUARTER	2016 MARCH QUARTER	2016 AS AT 31 OCTOBER	% CHANGE 2009 – 2015
SYDNEY	\$565,000	\$713,000	\$781,000	\$805,000	\$920,000	63%
MELBOURNE	\$451,000	\$555,000	\$560,000	\$610,000	\$665,000	47.5%
BRISBANE	\$449,000	\$475,000	\$490,000	\$518,000	\$525,000	17%

- During the past 12 months, Brisbane's median house price grew 4% (from \$505,000 to \$525,000).
- As at 31 October 2016, Sydney's median house price was 75% higher than South-East Queensland.

SOURCE: CORELOGIC RP DATA HOME VALUE INDEX, APRIL 2009, APRIL 2014, APRIL 2015, NOVEMBER 2015, APRIL 2016 AND NOVEMBER 2016.

# *ORDINARY BUSINESS*

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**MINUTES OF PREVIOUS ANNUAL GENERAL MEETING**

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**FINANCIAL STATEMENTS**

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**ELECTION OF DIRECTORS**

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**REMUNERATION REPORT**

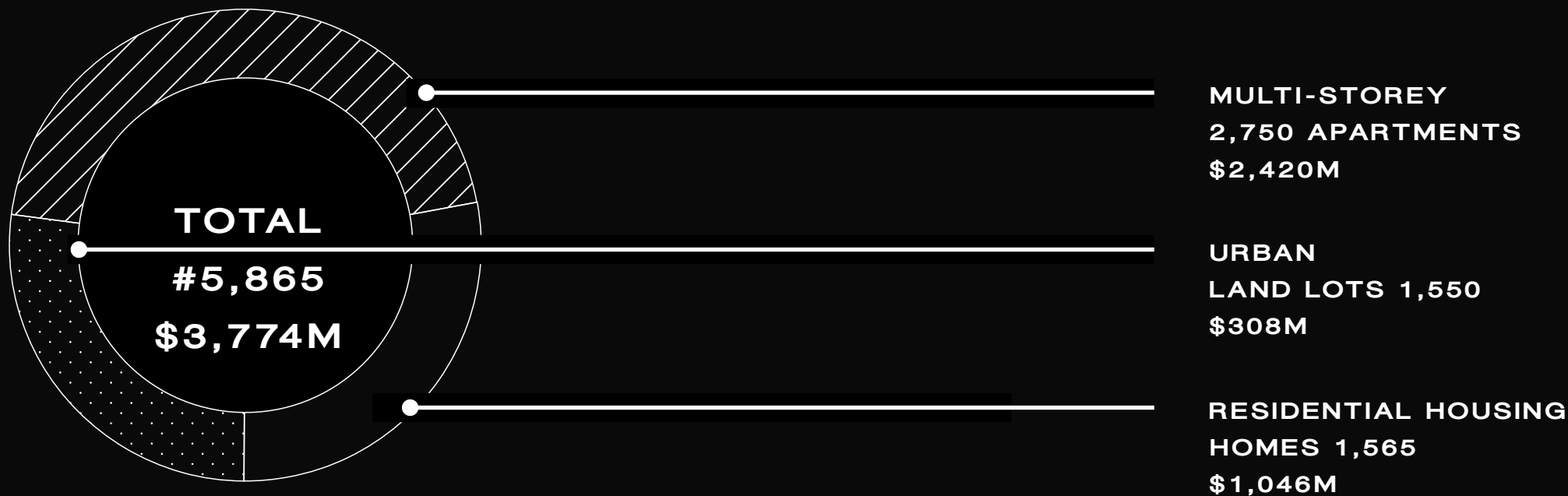
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**OTHER BUSINESS**

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# DEVELOPMENT PORTFOLIO

THE GROUP'S PORTFOLIO REPRESENTS APPROXIMATELY 5,865 RESIDENTIAL HOMES, URBAN LAND LOTS AND MULTI-STOREY APARTMENTS, WITH A COMBINED END VALUE OF \$3.7 BILLION.



## 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	821
GOLD COAST	2,423	1,849	877	321	3,300	2,170
SYDNEY	322	329	69	61	391	390
MELBOURNE	-	-	307	159	307	159
QUEENSLAND OTHER*	-	-	1,092	234	1,092	234
SUB-TOTAL	3,342	2,710	2,523	1,064	5,865	3,774



# *FY16 MILESTONES*

## 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 volumes had increased from the previous year by 14% with 443 settlements.
- We have launched four new projects and anticipate a further six new projects to be launched in 2017 (subject to development approval).

### **RESIDENTIAL HOUSING AND URBAN DEVELOPMENT**

- The Lakes Residences (QLD) – LAUNCHED
- 18 Macpherson St, Warriewood (NSW) – LAUNCHED
- The Heights (QLD) – LAUNCHED
- Arbour Residences (QLD)
- The Hills Residences (QLD)

### **MULTI-STOREY**

- Marina Concourse (QLD) – LAUNCHED
- Palm Beach (QLD)
- Greenmount (QLD)
- The Lakes (QLD)
- Grace on Coronation (QLD)



# 2016 PORTFOLIO

## UNDER CONSTRUCTION

**BAYSIDE**  
URBAN DEVELOPMENT

**THE TERRACES**  
RESIDENTIAL HOUSING

**ABIAN**  
MULTI-STOREY

**SHEA RESIDENCES**  
RESIDENTIAL HOUSING

**THE HEIGHTS**  
RESIDENTIAL HOUSING  
& URBAN DEVELOPMENT

**MAGNOLI RESIDENCES**  
RESIDENTIAL HOUSING

**ANCORA**  
RESIDENTIAL HOUSING

**MARINA  
CONCOURSE**  
MULTI-STOREY

**THE LAKES**  
RESIDENTIAL HOUSING

**18 MACPHERSON ST**  
RESIDENTIAL HOUSING

**DAHLIA RESIDENCES**  
RESIDENTIAL HOUSING

**CARRÉ RESIDENCES**  
RESIDENTIAL HOUSING

**THE GARDENS**  
RESIDENTIAL HOUSING

## FUTURE RELEASE

*TOWNSVILLE*

*SUNSHINE COAST*

**GRACE ON CORONATION**  
MULTI-STOREY

**THE HILLS RESIDENCES**  
RESIDENTIAL HOUSING

*BRISBANE*

**THE LAKES**  
MULTI-STOREY

**GREENMOUNT**  
MULTI-STOREY

**PALM BEACH**  
MULTI-STOREY

**THE LANES**  
RETAIL AND COMMERCIAL

*GOLD COAST*

**VARSITY LAKES**  
RESIDENTIAL HOUSING

**ARBOUR RESIDENCES**  
RESIDENTIAL HOUSING

**INGELSIDE**  
RESIDENTIAL HOUSING

**MT ANNAN**  
RESIDENTIAL HOUSING

*SYDNEY*

**MONA VALE**  
RESIDENTIAL HOUSING

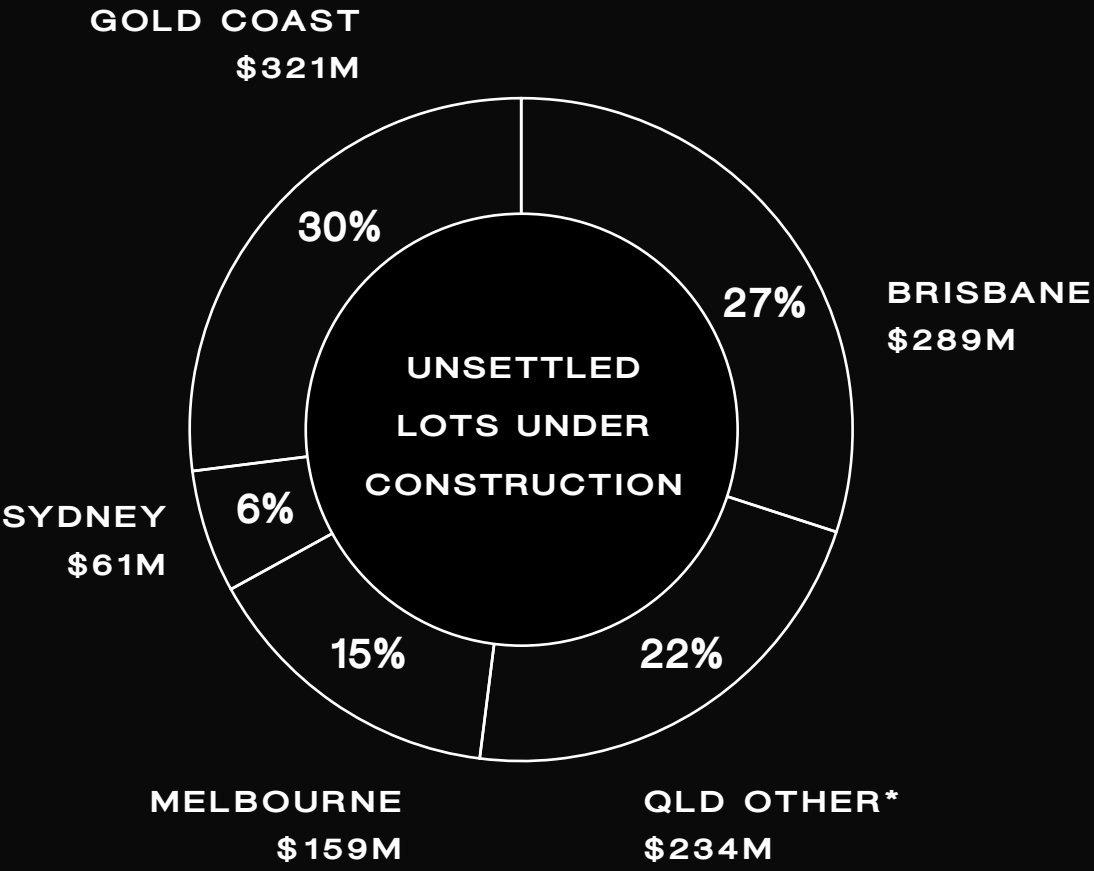
*MELBOURNE*

# OPERATIONAL REVIEW

## PROJECTS UNDER CONSTRUCTION

(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%
QLD OTHER*	1,092	234	81	38	7%	16%
SUB-TOTAL	2,523	1,064	779	605	30%	56%



\* TOWNSVILLE AND SUNSHINE COAST

# 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 multi-storey portfolio.
- ❑ Return on cost exceeded Group's 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

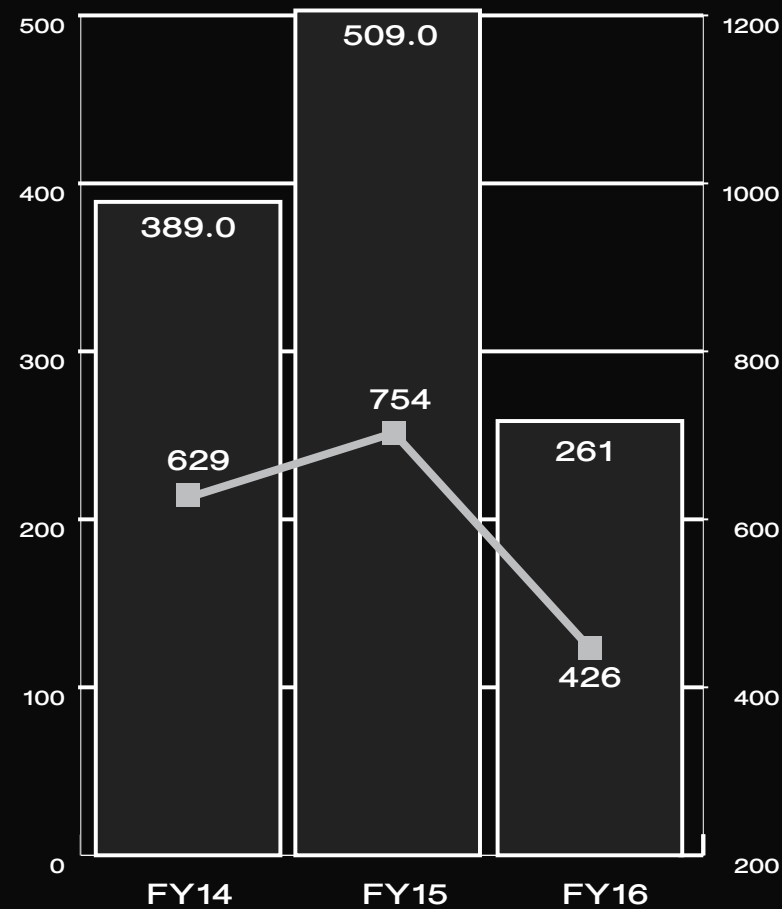
- ❑ Completed share buy back of 17.8 million shares for a total value of \$28.0 million, representing an average of \$1.57 per share.
- ❑ The Group's various buy back programs, which commenced in 2009, have decreased shares on issue by approximately 50%.
- ❑ Portfolio has continued to be replenished through free cashflow and debt 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 across the portfolio.

## KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2016

	\$M	FY16	FY15	% CHANGE
TOTAL REVENUE		258.7	289.0	-10%
STATUTORY NET PROFIT AFTER TAX		31.5	30.1	5%
DEVELOPMENT RETURN ON COST				
LAND AND HOUSING		36%	30%	
MULTI-STOREY		11%	20%	
OVERALL DEVELOPMENT		35%	29%	
DEVELOPMENT TARGET 20%				

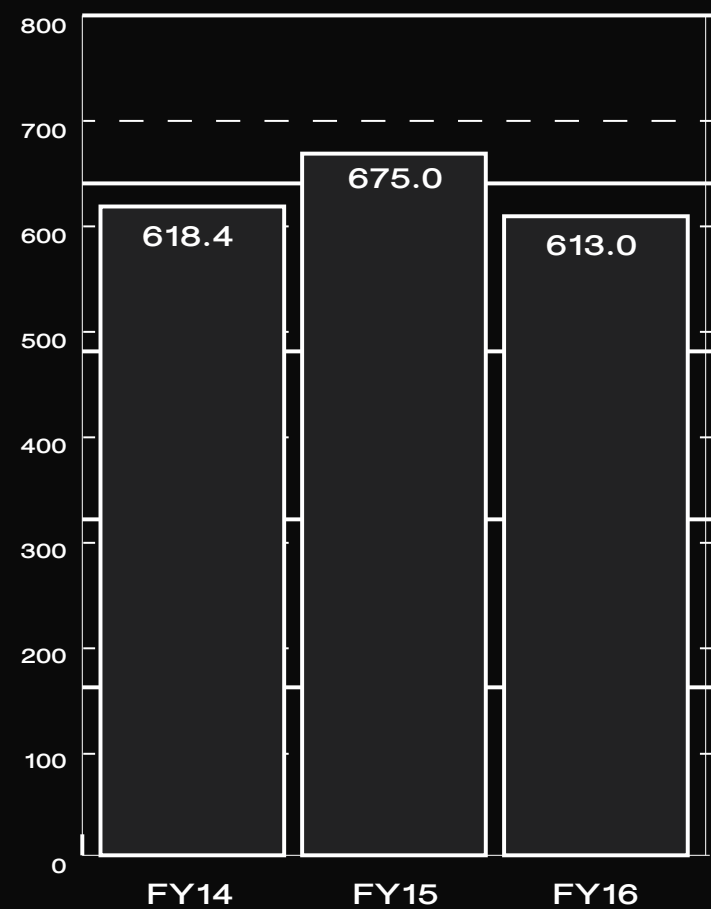
# OPERATIONAL REVIEW

## SALES AND SETTLEMENTS



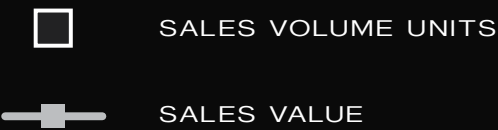
HISTORICAL SALES VALUE AND VOLUME

(YEAR ENDING 30 JUNE 2016)



AVERAGE SALE PRICE

(YEAR ENDING 30 JUNE 2016)



# OUTLOOK

**SUNLAND IS FOCUSED ON** the delivery of its portfolio within South-East Queensland, Sydney and Melbourne.

**SUNLAND HAS LAUNCHED** four new projects and a further six new projects will be launched in 2017. This provides the Group's portfolio with earnings visibility into the medium-term.

**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 earnings growth is maintained.

## GUIDANCE

The Board of Directors provides guidance of \$35 million net profit after tax for FY17.

The Board of Directors intend to pay a fully franked dividend for the 2017 financial year of 10 cents per share, payable in two instalments, anticipated March 2017 and September 2017, which is in the mid-range of the Group's dividend payout policy of between 40–50%.

Sunland Group