

HALF YEAR RESULTS 2017

Sunland Group

GROUP OVERVIEW

Sunland Group

ESTABLISHED

1983

In 2017, Sunland Group is celebrating 22 years as a listed company on the Australian Securities Exchange and 34 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.

The Group has strategically repositioned the portfolio towards south-east Queensland, highlighted by organic expansion across key Brisbane markets and a growing portfolio on the Gold Coast.

In an ever-evolving urban landscape, Sunland's commitment to creating enduring vibrancy and beauty in the communities in which we operate is inspiring new frontiers in socially aware design and architectural excellence. Our initial efforts will be focused upon environmental and sustainable design initiatives that contribute towards betterment.

NATIONAL PORTFOLIO

The Group's portfolio comprises approximately 5,800 residential homes, urban land lots and multi-storey apartments, representing \$3.8 billion.*

MULTI-STOREY	RESIDENTIAL HOUSING	URBAN	TOTAL
#	#	#	#
2,667	1,596	1,505	5,768
\$M	\$M	\$M	\$M
2,446	1,088	300	3,834

*THIS FIGURE IS SUBJECT TO RECEIVING DEVELOPMENT APPROVALS FROM LOCAL AUTHORITIES ON VARIOUS APPLICATIONS SUBMITTED.

KEY RESULTS

SUNLAND CONTINUES TO CAPITALISE ON THE DELIVERY OF ITS PREMIUM PORTFOLIO, WITH A PARTICULAR FOCUS ON STRATEGIC SITES IN SOUTH-EAST QUEENSLAND.

EARNINGS ARE UNDERPINNED BY PRESALES OF PROJECTS SCHEDULED TO BE DELIVERED DURING 2H17.

- Statutory Net Profit After Tax of \$5.0 million (2016: \$3.2 million).
- Earnings per share increased 72% to 3.1 cents.
- Fully franked interim dividend of 4 cents payable 23rd March 2017.
- 281 sales and 204 settlements (2016: 134 sales and 120 settlements).
- 56% of unsettled lots released are pre-sold for value \$669 million.
- Group consolidated Net Tangible Assets per share of \$2.20.

PORTFOLIO REPLENISHMENT THROUGH STRATEGIC SITE ACQUISITIONS.

- \$47 million in new site acquisitions:
 - Mount Annan (NSW): \$15M.
 - Greenmount (QLD) \$26M.
 - Everton Hills (QID): \$6M.
- Gearing 42% debt to assets; 81% debt to equity. Gearing will reduce significantly post settlement of Abian.
- Balance sheet capacity with \$4.1 million in cash and \$82.3 million in undrawn working capital.

KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2016

	UNIT	1H17	1H16	% CHANGE
STATUTORY NPAT	\$M	5.0	3.2	56%
EARNINGS PER SHARE	CENTS	3.1	1.8	72%
ORDINARY DIVIDENDS PER SHARE	CENTS	4.0	3.0	33%
AS AT		31/12/2016	30/06/2016	
INTEREST BEARING DEBT	\$M	286.5	201.3	
TOTAL ASSETS	\$M	681	612.4	
EQUITY	\$M	353.2	356.4	
NET TANGIBLE ASSETS PER SHARE	\$	2.20	2.22	
GEARING (DEBT TO TOTAL ASSETS)	%	42%	33%	
GEARING (DEBT TO EQUITY)	%	81%	56%	
SALES		1H17	1H16	
VALUE	\$M	199.5	106.5	87%
VOLUME	#	281	134	110%
AVERAGE PRICE	\$K	710	795	
SETTLEMENTS				
VALUE*	\$M	95.4	79.9	19%
VOLUME	#	204	120	70%
AVERAGE PRICE	\$K	468	665	

FY17 MILESTONES

CAPITAL MANAGEMENT

- The Group announced a 10% share buy back in December to add further long-term value for shareholders, capitalising on the discounted share price to net asset value per share.
- A total of 4.5 million shares have been acquired to the value of \$7.5 million.
- Capital continues to be allocated for replenishment of the Group's development pipeline with acquisitions totaling \$47 million during the first half.
- Interim fully franked dividend of 4 cents per share.
- Group capacity remains strong with \$4.1 million in cash and available undrawn debt lines of \$82.3 million in undrawn working capital lines.

PORTFOLIO

- The portfolio is weighted towards South East Queensland.
- Re-emergence of multi-storey portfolio with a predominant focus on staged medium rise developments.
- Potentially up to 9 new projects to be launched for FY17:

Residential housing and urban development

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

Multi-storey

- Magnoli Apartments (QLD).
- Greenmount Residences (QLD).
- Marina Concourse (QLD).
- The Lakes Apartments (QLD).
- One Marine Parade (QLD).

2016 PORTFOLIO UNDER CONSTRUCTION & COMING SOON



COMING SOON

BRISBANE	GRACE ON CORONATION MULTI-STOREY
	THE HILLS RESIDENCES RESIDENTIAL HOUSING
GOLD COAST	THE LAKES APARTMENTS MULTI-STOREY
	MAGNOLI APARTMENTS MULTI-STOREY
	GREENMOUNT RESIDENCES MULTI-STOREY
	VARSIY LAKES RESIDENTIAL HOUSING
	ARBOUR RESIDENCES RESIDENTIAL HOUSING
	ONE MARINE PARADE MULTI-STOREY
SYDNEY	THE LANES RETAIL
	INGLESIDE RESIDENTIAL HOUSING
	MONA VALE RESIDENTIAL HOUSING
	MOUNT ANNAN RESIDENTIAL HOUSING

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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 slightly below target of 20% at 18% expected to increase in the second half.
- The land and housing portfolio is leveraged to 35% of inventory value.

MULTI-STOREY

- Contribution from multi-storey should occur with Abian settlements scheduled to commence 2017.
- Marketing costs are expensed ahead of revenue recognition which may be material with multi-storey projects (1H17 - \$1.8M).

CAPITAL MANAGEMENT

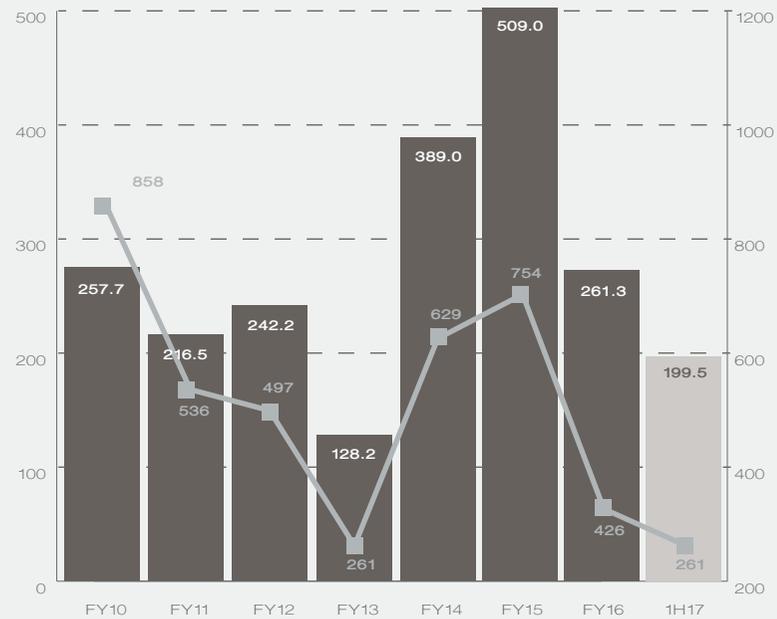
- Dividend payments are maintained alongside the share buy back strategy, which continues whilst there is a significant discount to NTA.
- The various buy back programs, which commenced in 2009, have decreased the shares on issue by over 50%.
- Portfolio has continued to be replenished through free cashflow and debt facilities.
- Net operating cashflow is \$43m before portfolio replenishment (\$47m) and funding of development costs for various projects through debt lines ahead of settlements (\$87m).

KEY FINANCIAL HIGHLIGHTS FOR PERIOD ENDING 31 DECEMBER 2016

\$M	1H17	1H16	% CHANGE
TOTAL REVENUE	102.7	84.2	22%
REVENUE – SALE OF PROPERTY	95.4	79.9	19%
STATUTORY NET PROFIT BEFORE TAX	6.5	4.3	51%
LESS: TAX EXPENSE	1.5	1.1	36%
STATUTORY NET PROFIT AFTER TAX	5.0	3.2	56%
EBIT	9.1	6.1	49%
PERFORMANCE INDICATORS			
DEVELOPMENT RETURN ON COST			
– LAND AND HOUSING	18%	26%	
– MULTI-STOREY	-	12%	
– OVERALL	18%	25%	
EPS GROWTH	72%	-	
INTEREST COVER (TIMES)	3.4	3.4	-
INTERIM DIVIDEND (CENTS)	4.0	3.0	33%

OPERATIONAL REVIEW—SALES AND SETTLEMENTS

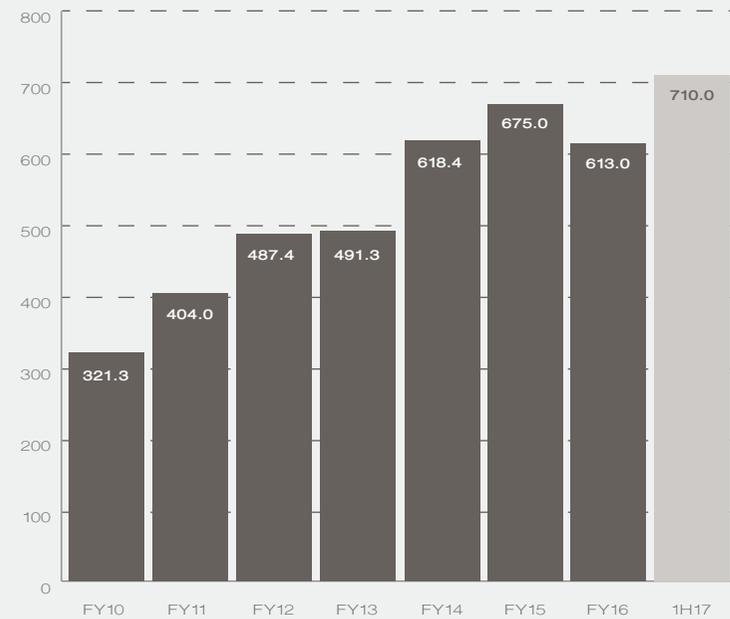
HISTORICAL SALES VALUE AND VOLUME (YEARS ENDING 30 JUNE ANNUALLY)



■ SALES VOLUME UNITS —■— SALES VALUE

The fluctuating number and volume of sales reflect the release of various projects in respective financial years, some of which are multi-storey projects which are delivered over a long term.

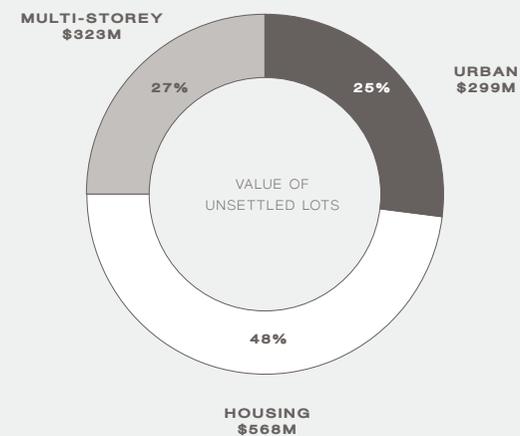
AVERAGE SALE PRICE (YEARS ENDING 30 JUNE ANNUALLY)



OPERATIONAL REVIEW—PROJECTS UNDER CONSTRUCTION

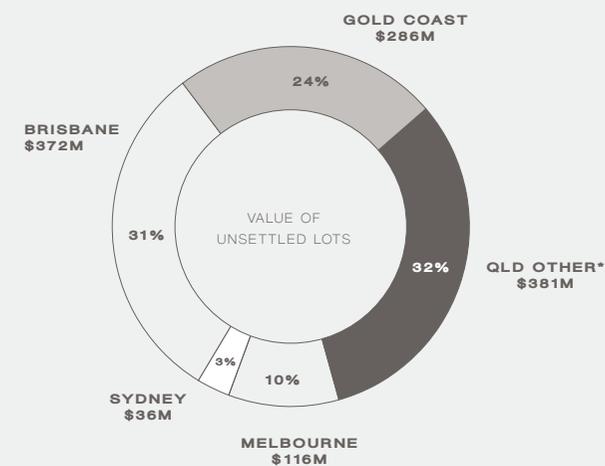
PROJECTS UNDER CONSTRUCTION BY SEGMENT (AS AT 31 DECEMBER 2016)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
MULTI-STOREY	260	323	174	259	67%	80%
HOUSING	808	568	607	400	75%	70%
URBAN	1,505	300	44	10	3%	3%
SUB-TOTAL	2,573	1,191	825	669	32%	56%



PROJECTS UNDER CONSTRUCTION BY REGION (AS AT 31 DECEMBER 2016)

	UNSETTLED LOTS		CONTRACTED LOTS		% CONTRACTED LOTS	
	#	\$M	#	\$M	#	\$M
BRISBANE	288	372	182	273	63%	73%
GOLD COAST	814	286	230	123	28%	43%
SYDNEY	41	36	41	36	100%	100%
MELBOURNE	224	116	222	115	99%	99%
QUEENSLAND OTHER*	1,206	381	150	122	12%	32%
SUB-TOTAL	2,573	1,191	825	669	32%	56%

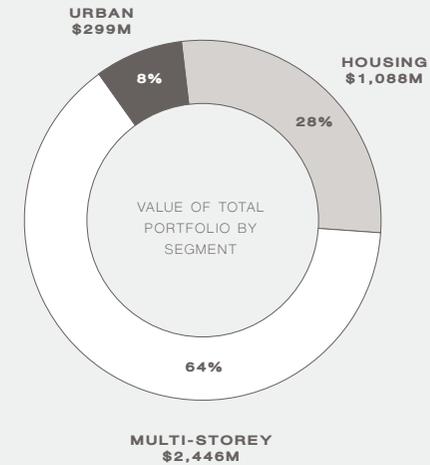


* TOWNSVILLE AND SUNSHINE COAST

OPERATIONAL REVIEW—TOTAL DEVELOPMENT PORTFOLIO

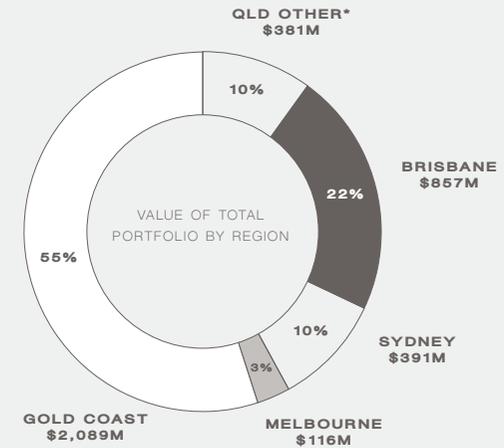
TOTAL DEVELOPMENT PORTFOLIO BY SEGMENT (AS AT 31 DECEMBER 2016)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	(\$M)	#	\$M	#	\$M
MULTI-STOREY	2,407	2,123	260	323	2,667	2,446
HOUSING	788	520	808	568	1,596	1,088
URBAN	-	-	1,505	300	1,505	300
SUB-TOTAL	3,195	2,643	2,573	1,191	5,768	3,834



TOTAL DEVELOPMENT PORTFOLIO BY GEOGRAPHIC REGION (AS AT 31 DECEMBER 2016)

	TO BE RELEASED		UNDER CONSTRUCTION		TOTAL DEVELOPMENT PORTFOLIO	
	#	\$M	#	\$M	#	\$M
BRISBANE	506	485	288	372	794	857
GOLD COAST	2,305	1,803	814	286	3,119	2,089
SYDNEY	384	355	41	36	425	391
MELBOURNE	-	-	224	116	224	116
QUEENSLAND OTHER*	-	-	1,206	381	1,206	381
SUB-TOTAL	3,195	2,643	2,573	1,191	5,768	3,834



* TOWNSVILLE AND SUNSHINE COAST

OUTLOOK

OUTLOOK

SUNLAND INTENDS TO LAUNCH up to nine new residential developments in FY17 across diverse development segments and geographic markets. This will result in a significant expansion of the Group's multi-storey portfolio, with the launch of up to four new apartment projects on the Gold Coast.

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.

STRONG CASHFLOW generated from the settlement of significant projects, including the luxury Abian residential tower in the Brisbane CBD, will assist in the delivery of the portfolio, project replenishment and shareholder returns.

SUNLAND INTENDS to pay total dividends of 10 cents per share for the FY17 financial year (4 cents per share interim dividend and 6 cents per share full year dividend). Dividends will be fully franked.

REVENUE WEIGHTING is towards 2H17 and is supported by presales of portfolio being delivered.

FY17 GUIDANCE of \$35 million net profit after tax is reaffirmed.

SECURING QUALITY DEVELOPMENT SITES remains challenging across Australia's capital city markets. Sunland's strong balance sheet, access to capital and cash flow forecast 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	240.3	0	-	150	240.3	150	240.3	0	-
ROYAL PINES - MARINA CONCOURSE, QLD	110	82.9	0	-	110	82.9	24	18.5	86	64.4
SUB-TOTAL	260	323.2	0	-	260	323.2	174	258.8	86	64.4
HOUSING										
ROYAL PINES - ONE TREE HILL, QLD	29	30.8	23	25.8	6	5.0	6	5.0	0	-
THE HEIGHTS - PARK TERRACES	36	19.4	0	-	36	19.4	27	14.7	9	4.7
THE HEIGHTS - THE HEIGHTS RESIDENCES	60	26.9	0	-	60	26.9	37	16.3	23	10.7
SANCTUARY COVE - PARKWAY	16	19.2	12	14.5	4	4.7	2	2.4	2	2.3
SANCTUARY COVE - MELIAH	19	19.3	18	18.0	1	1.3	0	-	1	1.3
ANCORA, QLD	50	24.6	0	-	50	24.6	49	24.1	1	0.5
MAGNOLI RESIDENCES, QLD	88	64.6	0	-	88	64.6	69	51.1	19	13.5
SHEA RESIDENCES, QLD	28	48.8	0	-	28	48.8	8	14.8	20	34.0
CARRÉ RESIDENCES, VIC	239	128.2	152	81.2	87	47.0	87	47.0	0	-
THE GARDENS, VIC	176	88.1	39	19.3	137	68.8	135	67.5	2	1.3
THE TERRACES, QLD	163	78.1	47	22.7	116	55.4	57	28.0	59	27.4
18 MACPHERSON STREET, NSW	79	100.7	0	-	79	100.7	37	46.1	42	54.6
PAVILIONS, QLD	60	29.4	52	24.6	8	4.7	0	0	8	4.7
THE LAKES RESIDENCES, QLD	67	60.0	0	-	67	60.0	52	46.8	15	13.2
DAHLIA, NSW	170	140.2	129	104.1	41	36.1	41	36.1	0	-
SUB-TOTAL	1,280	878.3	472	310.2	808	568.0	607	399.9	201	168.2
URBAN										
BAYSIDE, QLD	1,082	185.0	146	25.2	936	159.8	4	0.4	932	159.4
THE HEIGHTS, QLD	690	168.1	122	29.1	568	138.9	40	10.0	528	129.0
LAKE VIEW - URBAN, QLD	41	32.7	40	32.0	1	0.8	0	-	1	0.8
SUB-TOTAL	1,813	385.8	308	86.3	1,505	299.5	44	10.4	1,461	289.1
TOTAL PROJECTS UNDER CONSTRUCTION	3,953	1,587.3	780	396.5	2,573	1,190.7	825	669.1	1,748	521.7

PORTFOLIO TO BE RELEASED

PORTFOLIO TO BE RELEASED	YIELD		SETTLED LOTS		UNSETTLED LOTS		CONTRACTED LOTS		UNSOLD LOTS	
	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)	(#)	(M)
MULTI STOREY										
INGLESIDE - ELANORA, NSW	72	60.6	0	-	72	60.6	0	-	72	60.6
TOOWONG, QLD	506	485.0	0	-	506	485.0	0	-	506	485.0
ONE MARINE PARADE, QLD	96	144.8	0	-	96	144.8	0	-	96	144.8
LAKE VIEW, QLD	1,351	1,053.0	0	-	1,351	1,053.0	0	-	1,351	1,053.0
PALM BEACH, QLD	191	127.4	0	-	191	127.4	0	-	191	127.4
GREENMOUNT, QLD	191	251.7	0	-	191	251.7	0	-	191	251.7
SUB-TOTAL	2,407	2,122.5	0	-	2,407	2,122.5	0	-	2,407	2,122.5
HOUSING										
INGLESIDE - ELANORA, NSW	99	118.8	0	-	99	118.8	0	-	99	118.8
INGLESIDE - MONA VALE, NSW	70	85.5	0	-	70	85.5	0	-	70	85.5
MOUNT ANNAN, NSW	143	90.0	0	-	143	90.0	0	-	143	90.0
EVERTON HILLS, QLD	91	47.1	0	-	91	47.1	0	-	91	47.1
THE HEIGHTS - FUTURE HOUSING, QLD	274	118.8	0	-	274	118.8	0	-	274	118.8
PEREGIAN SPRINGS - STAGE 14, QLD	51	26.8	0	-	51	26.8	0	-	51	26.8
VARSITY LAKES, QLD	60	33.0	0	-	60	33.0	0	-	60	33.0
SUB-TOTAL	788	520.0	0	-	788	520.0	0	-	788	520.0
URBAN										
	-	-	-	-	-	-	-	-	-	0
TOTAL PORTFOLIO TO BE RELEASED	3,195	2,642.5	0	-	3,195	2,642.5	0	-	3,195	2,462.5

Sunland Group

ESTABLISHED

1983