

GROUP HIGHLIGHTS

2015 FINANCIAL YEAR

Sunland Group

IN 2015, SUNLAND GROUP IS
CELEBRATING 20 YEARS AS A LISTED
COMPANY ON THE AUSTRALIAN SECURITIES
EXCHANGE AND MORE THAN 30 YEARS
AS A LEADING NATIONAL 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
DEVELOPMENTS ACROSS QUEENSLAND,
NEW SOUTH WALES AND VICTORIA.

Sunland Group

ESTABLISHED
1983

SUNLAND FOUNDATION

SOCIAL ACTION IN A CHANGING WORLD IS A CULTURE ENCOURAGED ACROSS ALL SUNLAND'S ENDEAVOURS IN THE HOPE OF MAKING A LASTING CONTRIBUTION TO THE WELL-BEING OF COMMUNITIES THROUGH A UNITED ENERGY AND EFFORT.

Since its establishment in 2002, the Sunland Foundation has focused its efforts on supporting key areas of research, education and health to create enduring, community-based relationships which share a common goal to support sustainable social progress.

The Foundation views its role as an instrument of change – a community member with a shared responsibility to participate and support community activities that will contribute to the betterment of humanity. Its values are exemplified in the philosophy that 'the highest use of capital is - to make money do more for the betterment of life'.

“IN THE HUMAN BODY, EVERY CELL, EVERY ORGAN, EVERY NERVE HAS ITS PART TO PLAY. WHEN ALL DO SO, THE BODY IS HEALTHY, VIGOROUS AND RADIANT – READY FOR EVERY CALL MADE UPON IT.”

The Foundation applies this analogy of the human body to its function and role in contributing to a vibrant community life. During the past year, the Foundation has continued its focus on local education through a variety of sponsorship programs and affiliated research activities at Bond University (Gold Coast). This includes sponsorship support to indigenous students and disadvantaged minorities unable to access tertiary education. An overview of the Foundation's other recent initiatives are provided below.

Business Research Project with Bond University

In 2011, the Sunland Foundation commenced a three-year Business Research Project with Bond University, which will culminate in the publication of the outcomes and a series of external forums to discuss the findings. The joint venture research project aims to uncover the relationship between trust, leadership, integrity, organisational performance and community citizenship.

Establishment of Architectural Faculty at Bond University

In 2009, the Abedian Foundation* initiated the development of an Architectural Faculty at Bond University, which included the commencement of a purpose-built school – The Abedian School

of Architecture. The first cohort of Architectural undergraduate students started in 2010, during which time, the building commenced. The new building welcomed its second cohort of Masters' students in early 2015.

Supporting alternative education for youth in the community

Over the past three years, the Sunland Foundation has worked closely with disadvantaged youth on the Gold Coast including a close association with Ohana/Arcadia's alternative learning curriculum with assistance provided in the past year with premises for their youth-workers prior to their relocation to their new premises in Varsity. The Foundation will continue to channel its support to alternative learning schools for disadvantaged and disengaged youth to provide equal opportunities for education for all young people.

Incorporating the Arts into community life

The Foundation has long recognised the importance of incorporating the arts into community life and in 2012, a small Community Art Studio was created at Royal Pines Marina (Sunland's Gold Coast office) to provide free art classes to adults and young people in the local area. In 2015 the Foundation's commitment to art, education and community building took a colourful turn, providing lodging to 30 larger-than-life koalas as part of a major community arts initiative – the Animals with Attitude Gold Coast Sculpture Trail, which raises funds for the Currumbin Wildlife Hospital Foundation.

Employee-driven initiatives

The Foundation also encourages Sunland employees, individually and collectively, to strengthen their relationships in the local community and create opportunities to play an active role in community life. Such employee-driven initiatives includes support provided to the Salvation Army through the Red Shield Appeal and regular collections of food, clothing and amenities to assist the homeless, and disadvantaged in the community affected by the ills of society. Employees also visited the Lady Cilento Children's Hospital in South Brisbane to meet with specialist medical staff, volunteers and families, and give presents to more than 20 seriously ill children and their siblings.

* The Abedian Foundation is a separate family foundation.

CHAIRMAN'S REPORT

A COLLECTIVE VISION, IMBUED WITH A STRONG SENSE OF PURPOSE AND DIRECTION, HAS GUIDED SUNLAND TO REACH NEW HEIGHTS IN ITS JOURNEY TO CONTRIBUTE TO THE EVER ADVANCING URBAN LANDSCAPE OF THE COMMUNITIES IN WHICH WE OPERATE.

2015 has been a milestone year for Sunland Group as we celebrate 20 years as a listed entity on the Australian Securities Exchange and mark the anniversaries of two landmark projects – the 15 year anniversary of Palazzo Versace Gold Coast and the 10 year anniversary of Q1.

Importantly, the period was also characterised by a significant uplift in Group performance, earnings and shareholder returns – the culmination of more than five years of strategic and counter-cyclical efforts and successful capital management initiatives.

Sunland achieved a full year result of \$30.1 million net profit after tax for the 2015 financial year, an increase of 111% on the previous corresponding period's result (2014: \$14.3 million profit) and exceeding original guidance of \$20 million and revised guidance of \$28 million. Improved sales and settlement results and increasing development margins contributed to the enhanced result, together with a number of strategic asset sales.

For our shareholders, this resulted in total dividends of 10 cents per share fully franked for the period, comprising an interim payment of 2 cents per share (paid 27 March 2015), a special dividend of 6 cents per share (paid 27 May 2015) and a final dividend of 2 cents per share (paid 25 June 2015).

Navigating cycles is an inherent part of Sunland's history and our learnings are deeply embedded in our decision-making and our culture. Looking back on our 20 years as a listed entity on the ASX and the past 32 years as a leading Australian development company, Sunland has amassed considerable insights about the cyclical nature of the markets in which we operate and the broader economic forces that influence them.

These insights, best reflected in our conservative, counter-cyclical approach, ably guided the company through the global financial crisis and laid the foundations for growth in the ensuing years. As a result, the extensive portfolio of premium sites acquired below value in the wake of the downturn, today form part of the Group's expansive portfolio.

Among our most successful capital management initiatives was Sunland's initial share buyback program, which commenced in 2009 in the aftermath of the global financial crisis and was

formally concluded in July 2013. In total, the buyback purchased 145.2 million shares for \$118 million, reducing the number of Sunland's shares on issue by 45%. This strategy significantly enhanced earnings and net tangible assets per share (NTA) from \$1.20 in 2009 to \$1.96 as at 30 June 2014, representing a historic high for Sunland's NTA position.

In September 2015, Sunland announced the commencement of a new on-market share buyback program to acquire up to 10 per cent of Sunland's issued capital over a 12 month period, equivalent to approximately 17.8 million ordinary shares. The current buyback program provides an excellent opportunity to consolidate the Group's issued capital at a time when there is a dislocation between the share price and the reported value of tangible assets.

As the Board continues to navigate the company through the changing cycles of our operating environment we remain committed to creating shareholder value, focusing on our core competency of residential development, and strategically identifying opportunities for sustainable growth.

On behalf of the Board and management of Sunland, we sincerely thank our shareholders for your continued support and commitment. Our heartfelt gratitude is also extended to our highly talented and dedicated employees, whose collective vision to redefine the creation of vibrant communities continues to pioneer the urban landscape.



DR SOHEIL ABEDIAN
EXECUTIVE CHAIRMAN, SUNLAND GROUP

MANAGING DIRECTOR'S REPORT

THE CONCLUSION OF THE 2015 FINANCIAL YEAR HIGHLIGHTED SUNLAND'S EFFORTS AND ENDURING COMMITMENT TO CREATING VIBRANT COMMUNITIES, GIVING EXPRESSION TO ARCHITECTURE AS ART, BEAUTY AND COMMUNITY.

Our history of pioneering and pursuit of excellence in innovation, alongside our conservative approach to capital management, delivered the strongest year end result in five years.

Sunland recorded a \$30.1 million profit after tax for the full year ended 30 June 2015, representing a 111% increase on the previous corresponding period's result (2014: \$14.3 million profit), exceeding the Group's original guidance of \$20 million and outperforming revised guidance of \$28 million.

Underpinning this performance were a number of key initiatives.

The strategic divestment of sites in Melbourne and Sydney totalling \$90.1 million in revenue enabled the Group to redeploy capital to the key growth markets within in south-east Queensland and resulted in a special dividend to shareholders of 6 cents per share.

Concurrently, Sunland acquired \$82 million in strategic sites, replenishing the portfolio with an additional 1,772 products with a total end value of \$1.1 billion. These acquisitions include the flagship 42 hectare development site, The Lakes, on the Gold Coast and a luxury residential housing site in the affluent Brisbane suburb of St Lucia. Sunland's portfolio now comprises more than 6,000 residential land, housing and multi-storey products with a total end value of \$3.7 billion.

A principal focus throughout the course of the financial year was the delivery of Sunland's core residential housing and urban development segment, which continued to support underlying earnings and cash flow. The Group's return to multi-storey development also contributed to the improved sales performance and the luxury Abian tower development in the Brisbane CBD is now sold out. Upon completion of the 2015 financial year, Sunland had achieved 754 sales to the value of \$509 million during the period, representing a 20% increase in sales volume and a 31% increase in sales value (2014: 629 sales valued at \$389 million).

As we reach a new milestone and celebrate our 20th anniversary as a listed Australian company, we are preparing to launch the largest collection of projects in the Group's 32 year history — a diverse anthology of land, residential apartment

and luxury home releases with an estimated end value of in excess of \$1 billion.

It is a premium portfolio made possible by Sunland's unique, counter-cyclical approach to acquiring development opportunities. Today, through perseverance and a succession of strategic site acquisitions, we are now seeing the aforementioned efforts come to fruition with strong earnings visibility across the portfolio.

As we look to the future, capital management initiatives such as the share buyback announced in September will continue to be implemented as we consolidate the Group's position and unlock the underlying value within our portfolio.

The collective wisdom, talent and dedication of our Board, executive and colleagues will ensure our growth as we continue to explore and reconceptualise the notion of creating social vibrancy. We also sincerely thank our clients and shareholders for their trust.



SAHBA ABEDIAN
MANAGING DIRECTOR, SUNLAND GROUP

GROUP NARRATIVE AND KEY MILESTONES

CHAPTER ONE

1983 · 1990

PIONEERING YEARS

[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 Group's first multi-storey residential tower on the Gold Coast.

CHAPTER TWO

1991 · 1999

CREATIVE INNOVATION

[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.

CHAPTER THREE

2000 · 2005

NATIONAL EXPANSION

[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 and 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.

[2005] YVE
First residential highrise in Melbourne awarded the RIAA Medal of Architecture.

CHAPTER FOUR

2006 · 2009

CHAPTER FIVE

2010 · 2014

CHAPTER SIX

2015 · BEYOND

GLOBAL GROWTH

[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 in Brisbane.

STRATEGIC EVOLUTION

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 (Queensland) and Abian (Queensland).

[2014]
CAPITAL MANAGEMENT
Share buyback program initiative completed totalling \$118 million at an average of 81 cents per share, resulting in a reduction of 45% of issued capital.

[2014]
Completion of strategic exit of international operations.

NEW HORIZONS

[2015]
As Sunland celebrates 20 years as a listed entity on the Australian Securities Exchange, the Group's path forward can be best defined through a framework for action, where our efforts are carried out in a mode of learning and collaboration.

As we move towards new horizons, we are cognisant of the need for transformative practices in the field of residential development in an ever-changing urban landscape. 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.

Our journey is an ongoing process, setting us on a path that can best be described as a rich and dynamic continuum towards the creation of vibrant communities.

NATIONAL PORTFOLIO

THE GROUP’S PORTFOLIO REPRESENTS IN EXCESS OF 6,000 RESIDENTIAL HOMES, URBAN LAND LOTS AND MULTI-STOREY APARTMENTS, REPRESENTING \$3.7 BILLION.

MULTI-STOREY	RESIDENTIAL HOUSING	URBAN	TOTAL
# 2,706	# 1,676	# 1,628	# 6,010
\$M 2,263	\$M 1,067	\$M 355	\$M 3,685

KEY RESULTS

SUNLAND IS WELL POSITIONED TO CAPITALISE ON IMPROVING MARKET CONDITIONS, PARTICULARLY ACROSS THE GROUP'S SUBSTANTIAL MULTI-STOREY DEVELOPMENT PIPELINE.

STRONG FY15 FINANCIAL RESULT UNDERPINNED BY ENHANCED OPERATIONAL PERFORMANCE AND IMPROVING MARKET CONDITIONS

- › Statutory Net Profit After Tax of \$30.1 million (2014: \$14.3 million).
- › Earnings per share increased 111% to 16.9 cents.
- › Fully franked dividend of 10 cents per share including a special dividend of 6 cents.
- › 754 sales and 389 settlements (2014: 629 sales and 446 settlements).
- › Group consolidated Net Tangible Assets per share of \$2.01 (2014: \$1.96).

KEY OPERATIONAL HIGHLIGHTS FOR PERIOD ENDING 30 JUNE 2015

	UNIT	FY15	FY14	% CHANGE
STATUTORY NPAT	\$M	30.1	14.3	111%
EARNINGS PER SHARE	CENTS	16.9	8.0	111%
DIVIDENDS PER SHARE	CENTS	10.0	4.0	150%
INTEREST BEARING DEBT	\$M	113.4	84.4	
TOTAL ASSETS	\$M	505.3	470.6	
EQUITY	\$M	357.8	349.5	
NET TANGIBLE ASSETS PER SHARE	\$	2.01	1.96	
GEARING (DEBT TO TOTAL ASSETS)	%	22%	18%	
GEARING (DEBT TO EQUITY)	%	32%	24%	
SALES				
VALUE	\$M	509.0	389.0	31%
VOLUME	#	754	629	20%
AVERAGE PRICE	\$K	675	618	-
SETTLEMENTS				
VALUE*	\$M	189.6	178.0	7%
VOLUME	#	387	446	-13%
AVERAGE PRICE	\$K	490	400	-

* Excludes revenue from strategic project sales totaling \$90.1M

FY 15 MILESTONES

GOVERNANCE & CAPITAL MANAGEMENT

- › The Group capitalised on the inherent value within its portfolio by undertaking strategic asset sales totalling \$90.1 million.

These include:

- Adresse, Point Cook (VIC): \$66.2M
- Vayle, University Hill (VIC): \$7.8M
- Ballarat (VIC): \$1.1M
- Meliah, Kellyville (NSW): \$15M
- › Proceeds from the sales were used to redeploy capital to the Group's development portfolio, with a particular focus on the multi-storey sector within South East Queensland.
- › Profit from the sales resulted in a special dividend of 6 cents per share and guidance upgrade from \$20m to \$28m.
- › Appointed highly respected finance and property industry expert, Mr Chris Freeman am, to the Board of Directors.

SALES AND SETTLEMENTS

- › Sales volumes increased with 754 sales achieved for \$509 million. Revenue from settlements also increased.
- › Unconditional contracts in hand as at 30 June 2015 is \$572 million.

DIVIDENDS DECLARED

- › The Sunland Board declared a total of 10 cents per share in fully franked dividends paid as follows:
 - Interim Dividend: 2 cents per share, paid 27 March 2015
 - Special Dividend: 6 cents per share paid 29 May 2015
 - Final Dividend: 2 cents per share paid 25 June 2015.

PORTFOLIO

- › Relocated the Group's headquarters to Brisbane.
- › Commenced construction on the luxury Abian residential tower in the Brisbane CBD – now 99% sold with contracts totalling more than \$140 million.
- › Acquired first Brisbane residential housing development site in St Lucia for \$11 million.
- › Settled \$61 million acquisition of the 42 hectare Lakeview development site in Mermaid Waters and recently released first stage to market.
- › Lodged Development Application for the redevelopment of Mariner's Cove on the Gold Coast.
- › Launched \$228m million new projects including:
 - Quays (QLD): \$20.9M
 - The Terraces (QLD): \$80M
 - Dahlia (NSW): \$127M

RESIDENTIAL HOUSING AND URBAN DEVELOPMENT

- › Revenue increase includes strategic project sales of \$90.1 million
- › Return on cost well above Group objective of 20%
- › Residential housing and urban development will continue to provide sound earnings, strategically complemented by multi-storey developments

MULTI-STOREY

- › Contribution from multi-storey development as a core segment will continue to increase
- › The multi-storey portfolio will continue to increase in activity in the ensuing years to generate significant earnings for the Group in the medium-term
- › Marketing costs are expressed ahead of revenue and this is considerable with the large projects

Sunland Group

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