

Sunland Group

ESTABLISHED
1983



Sunland Group

Annual Report 2008

As Sunland explores new horizons and expands its portfolio, we remain committed to our core value of creating art through architecture. Our expertise and enduring focus on design innovation has strengthened our position globally; creating a clear path of quality growth, opportunity and profitability.

CELEBRATING 25 YEARS OF EXCELLENCE



Soheil Abedian Founding Director

Throughout the past 25 years, the journey that Sunland has taken from the creation of a single luxury home at 27 Cabana Boulevard on the Gold Coast in 1983 to delivering a \$7.9 billion residential portfolio globally, has been remarkable as it has been visionary.

The early days of Sunland started when Foad Fathi and I, as immigrants to Australia, arrived in our new home on the Gold Coast. The city and its people embraced the vision of our company and its key focus of design excellence and quality. These core principles have remained constant to this day, resulting in the creation of architectural destinations that stand in true testament to their time and place.

I am proud to have shared these early beginnings of the Group with my co-founder Foad Fathi and thank him for his dedication in our foundation years, until 2000 when he retired.

The past 25 years has seen many challenges and rewards. Sunland was the first organisation to create the fashion branded hotel experience with Palazzo Versace, which opened its doors on the Gold Coast in September 2000. This was followed by the iconic Q1, the world's tallest residential tower, in 2005.

Perhaps more importantly has been the creation of our communities and homes for all sectors of the market and to this day remains true to our core principle of providing sustainable environments, accessible to all.

As Sunland celebrates 25 years of excellence we honour the people and the vision that have underpinned our achievements. Our celebration of this anniversary is shared with these people, whose passion and pioneering spirit have ensured we have played a role in setting new benchmarks in development.

As the company has grown over the years there are many individuals who were instrumental in shaping our company; from our longest serving members Joe Finocchiaro and John

Tatler, to the directors and management team who joined the company in 2000 – Mark Jewell, Craig Treasure, David Brown, Grant Harrison, Riaz Rezvani, Anne Jamieson and Sahba Abedian. These people have been integral in forging Sunland's direction which has enabled us to compete on an international level.

My gratitude is extended to Sunland's pioneering Board members, John Leaver, who continues to serve as a key director today, and the late Peter Lacey.

I would also like to acknowledge the contribution of acclaimed Italian architect, the late Rocco Magnoli, who was responsible for the design of the world's first Palazzo Versace Hotel.

Sunland's people are the best in their field and have made the Group the successful entity it is today. Our philosophy of continuous improvement and innovation, together with our investment in our people and our culture, will ensure our continued success over the next 25 years and beyond, under the leadership of our Board, Managing Director, Sahba Abedian and the executive management teams, both in Australia and United Arab Emirates.

I would also like to recognise the contribution of our joint venture partners that have shared our journey and played an integral role in some of our key projects during the past 25 years.

Finally, my sincere thanks to all those shareholders who have supported the Group's vision since 1995 when we first listed on the Australian Securities Exchange, and who continue to support us in the future.

A handwritten signature in black ink, appearing to read 'Soheil Abedian'. The signature is fluid and cursive.

Soheil Abedian Founding Director

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Sunland Homes is founded
27 Cabana Boulevard, Benowa
Waters, Gold Coast was the
first residence created followed
by homes at Sanctuary Cove
and Paradise Waters
which set new boundaries
in luxury living.



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Sanctuary Cove
Luxury waterfront homes
in one of Australia's first
integrated tourism resorts
on the Gold Coast.



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Malibu

First residential high-rise,
Main Beach, Gold Coast.

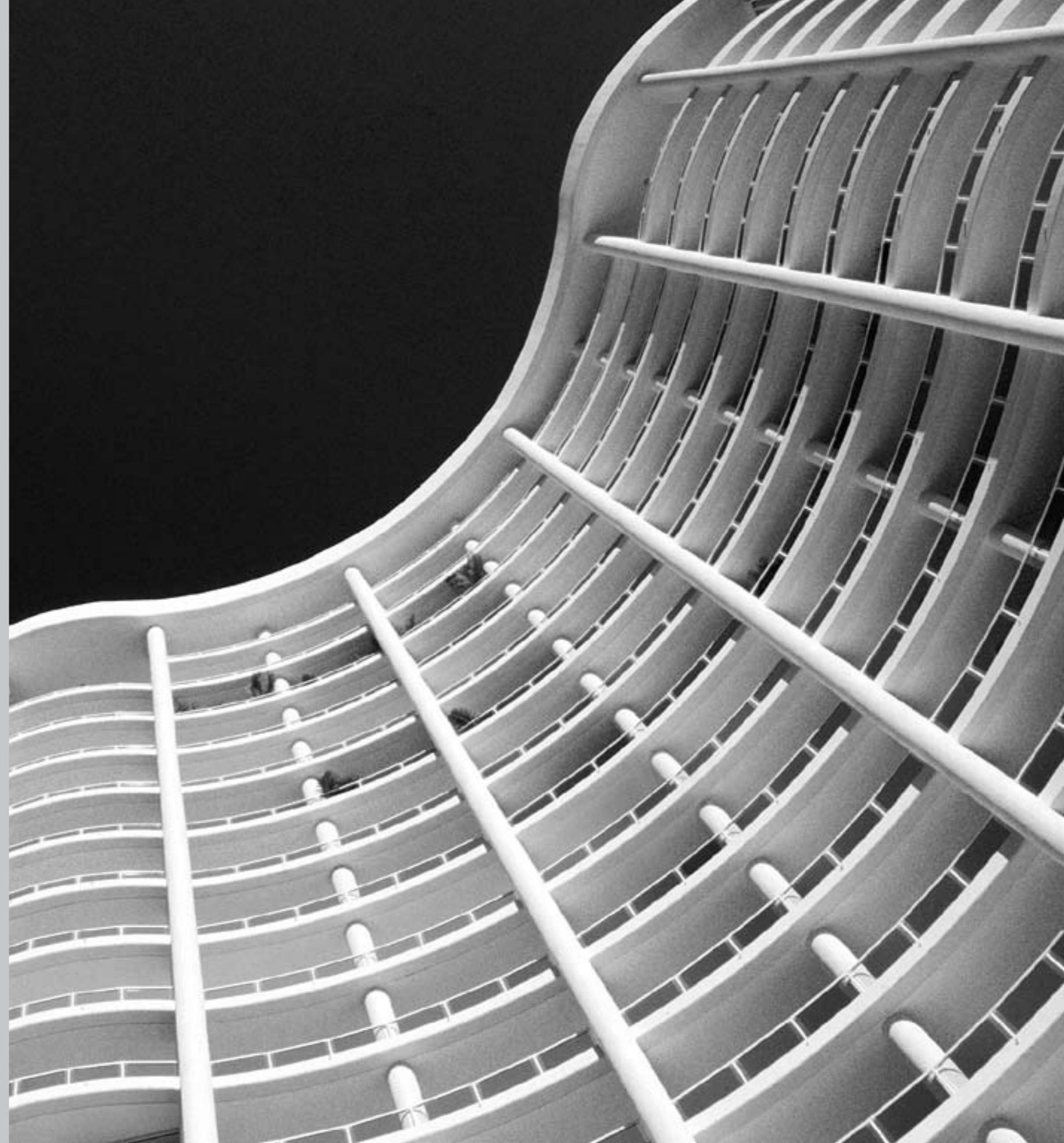
1990

Gaven Heights

First master planned
residential community,
Gold Coast hinterland.

1995

Sunland Group Limited
lists on the Australian
Securities Exchange (ASX).



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Carmel by the Sea
Second major residential
tower at Broadbeach,
Gold Coast.

Somerset Place
Introduces first urban
'Artscape' concept in
master planned residential
community in Mudgeraba,
Gold Coast.

1997
Legends Hotel
Creates beachside hotel
in Surfers Paradise,
Gold Coast.



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Signs Heads of Agreement with Gianni Versace SpA to create the world's first fashion-branded hotel, Palazzo Versace Gold Coast, and the creation of a new global tourism genre.

2000

Palazzo Versace

Historic opening of the multi-award winning hotel and condominiums, Main Beach, Gold Coast.

ParkLake

Creates master planned community in the Gold Coast hinterland featuring a \$1.5 million children's playground - one of the largest in a residential development in Australia.

Establishes offices in Melbourne, Victoria and Brisbane, Queensland.



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EastHill Residences

Luxury homes and villas within
The Glades, integrated golf
and residential resort at
Robina, Gold Coast.

River Springs Country Club

Introduces resort living to a
residential, townhome estate
at Nerang, Gold Coast.

Berwick Springs

The Group's first major urban
development in Victoria.



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Aria

Redefines Broadbeach as
the new luxury residential
and retail destination on
the Gold Coast.

Sovereign Manors

The Group's first residential
estate in Victoria,
located in Rowville.



2003

Arbour on the Park

An urban development in Victoria introduces 'Artscape' through 42 sculptures depicting the wild grasslands. Recognised as part of Wyndham City's public art collection.

2004

Establishes office in Sydney, New South Wales.

Enters ASX 300 index and successfully completes \$45 million rights issue.

Sunkids

Innovates early childcare education through the creation of Sunkids.

Sunleisure

Establishes hotel and retail management division.

Bushland Beach

Expands into North Queensland with a 2000+ lot beachside, master planned community at Townsville.



2005

Q1
The world's tallest
residential tower, located in
Surfers Paradise, Gold Coast.

Enters ASX 200 index.



2005

Newstead Terraces
Sunland's flagship entry
into Brisbane.



2005

Yve

Sunland's first residential high-rise in Victoria located on prestigious St Kilda Road, Melbourne. Awarded the Victorian Architecture Medal by the Royal Australian Institute of Architects.



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Circle on Cavill

A multi-award-winning, mixed-use urban renewal development in the heart of Surfers Paradise, Gold Coast.

Establishes international operations in Dubai, United Arab Emirates (UAE).

Consolidated Press Holdings acquires a strategic interest in Sunland and James Packer is appointed to the Sunland Board.

Establishes funds management and launches Sunland's first diversified land fund.

Enters into an exclusive agreement with the House of Versace to roll-out a further 15 hotels and villas globally.



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Palazzo Versace Dubai and D1
Sunland launches its flagship
developments in the UAE.

Completes \$90 million
capital raising.



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36 Louisa Road

Luxury waterfront residences
overlooking Sydney Harbour.

Balencea

Sunland's second
residential high-rise on
St Kilda Road, Melbourne.

Launches Sunland Diversified
Land Fund No.2.

Virgin Blue Headquarters

Sunland's first commercial
development, located in
Bowen Hills, Brisbane.



SUNLAND FOUNDATION

At Sunland, we are committed to leaving a lasting legacy to the community, not only through our architectural achievements but through goodwill and generosity. Our financial achievements are proudly shared with the community through our philanthropic activities in the key areas of education, medical research and care. Sunland is proud to have been able to assist a number of organisations over the past 12 months achieve their vision of providing long lasting benefits to the community.

In October 2007, Sunland's inaugural Cure for Life Gala Ball at the Palazzo Versace Gold Coast raised \$350,000 to provide ongoing support for research into the treatment of both malignant and slow growing brain tumours.

The Group continued to support the Leukaemia Foundation with the completion of the Patients' Village in Brisbane.

Sunland's support was through its contribution in building the Village as well as additional support.

Sunland's contribution to the construction of a new orphanage in Sri Lanka, Light of Lanka, following the Asian Tsunami in December 2004, allows the orphanage to provide a safe, caring and nurturing environment for orphans and disadvantaged children in the region.

Through the Bond University Sunland Foundation Scholarship, presented each year, the Group provides tuition support to an Indigenous student to attend the Faculty of Law at Bond University on the Gold Coast.

In other initiatives, Sunland has supported the Peter Lacey Sports Foundation, Variety Queensland, Property Industry Foundation (NSW), Sacred Heart Mission, Cure Cancer Australia, Muscular Dystrophy and the Youth Enterprise Trust.

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OF STRENGTH

Throughout Sunland's history, our vision to create architectural destinations of social, cultural and historical significance has proven enduring and in doing so, created a strong foundation for future growth. The key to our strength and stability has been our innovative and integrated design, construction and project management expertise, combined with our financial responsibility and ability to recognise and respond to market cycles. The results of these efforts are reflected in Sunland's record profits, sales and capital raising activities in years gone by that have delivered a strong balance sheet to drive our future growth.

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OF VISION, PIONEERING
AND GROWTH

Sunland's distinction is our commitment to pioneer new concepts, our understanding of the markets in which we operate and our ability to identify early subtle shifts in social and consumer trends. As we expand our portfolio we will carry out our vision with respect, knowledge and above all, excellence. Sunland is committed to strengthening our portfolio within Australia, focusing on our core competencies of development in the residential sector to create a platform for future growth. Our international operations in the United Arab Emirates, established three years ago as part of our successful strategy of geographic diversification, will continue to underpin Sunland's earnings growth.

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DESIGN EXCELLENCE

Sunland's design philosophy infuses every element of our projects - from the architecture and interior design, to striking urban art installations, master-planned sustainable communities, and parklands. The result is a continual architectural evolution that is responsive, fluid and true to its time and place.

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THE WAY FORWARD

After 25 years of architectural achievement with design excellence and innovation central to all we do, Sunland is in a strong position to explore new horizons within a global market. As we enter 2008-09, Sunland is in an enviable position of financial and creative strength. We can look forward to a year that offers new challenges and opportunity. Ours is a future of great promise.

A W A R D S

OF EXCELLENCE

Throughout Sunland's history, design excellence has remained at the core of our culture and intrinsic to all our projects. This enduring passion has received widespread industry recognition and importantly, has left a lasting legacy to the communities in which we operate.

1996 **SunCity** - UDIA, *Excellence in High-rise*

1997 **Carmel by the Sea** - UDIA, *Excellence in High-rise*

2000 **Palazzo Versace** - UDIA, *Excellence in Marketing*

2002 **Palazzo Versace**

Queensland Tourism Awards, Luxury Accommodation Finalist

2002 **Palazzo Versace** - *La Chaine des Rotisseurs, Award for Excellence to Vanitas*

2003 **Aria** - RAI A Gold Coast Regional Architecture Awards, *Building of the Year*

2003 **Palazzo Versace** - *Queensland Tourism Awards, Luxury Accommodation*

2003 **Palazzo Versace**

Australian Tourism and Travel Awards, Luxury Accommodation Finalist

2004 **Palazzo Versace** - *Queensland Tourism Awards, Luxury Accommodation*

2004 **Palazzo Versace**

Australian Tourism and Travel Awards, Luxury Accommodation

2005 **Palazzo Versace** - *Australian Tourism Awards, Luxury Accommodation*

2006 **Yve** - RAI A Victorian Architecture Awards, *Victorian Architecture Medal*

2006 **Yve**

RAI A Victorian Architecture Awards, Harold Desbrowe-Annear Award (Residential)

2006 **Q1** - RAI A Gold Coast Regional Architecture Awards, *Building of the Year*

2006 **Q1** - RAI A Queensland Architecture Awards, *High Commendation*

2006 **Newstead Terraces**

Queensland Architectural Awards, Regional Commendation

2006 **Cammeray Residences** -

HIA NSW, Apartment Project of the Year Under 10 Storeys

2006 **Palazzo Versace**

HM Awards for Hotel and Accommodation Excellence, 5-Star Accommodation

AWARDS OF EXCELLENCE (cont)

2006 Palazzo Versace

The Australian Travel and Tourism Awards, Admitted into 'Winners Circle' having won Best Luxury Hotel for last 2 years

2007 Circle on Cavill - UDIA Queensland Awards, Urban Renewal Project

2007 Circle on Cavill

Gold Coast Urban Design Awards, Sue Robbins Award for Excellence

2007 Circle on Cavill - Gold Coast Urban Design Awards, Best Built Form

2007 Northbridge Residences

Master Builders Association Queensland, Low Rise Multi-Residential Housing, Total Project over \$2.0 million

2007 Yve - RAIA National Award, Residential Architecture, Multiple Housing

2007 Greenvue

Master Builders Association Queensland, Low Rise Multi-Residential Housing, Total Project over \$2.5 million

2008 Palazzo Versace - Luxury Travel Gold List Awards, Australia's Best Hotel

2008 Palazzo Versace - HotelClub Awards, Journalists' Choice

2008 Palazzo Versace

HotelClub Awards, Voted one of top three hotels in Australia, New Zealand and Pacific Islands

2008 Palazzo Versace - Australian Gourmet Traveller Awards, Best Luxury Hotel

2008 Circle on Cavill

RAIA Queensland Architecture Awards, Regional Commendation

2008 Northbridge Residences

RAIA Queensland Architecture Awards, Regional Commendation

BOARD OF DIRECTORS



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SUNLAND'S BOARD OF DIRECTORS HAS SUCCESSFULLY GUIDED THE GROUP'S GEOGRAPHIC DIVERSIFICATION AND PORTFOLIO EXPANSION, delivering record profits and creating a strong platform for sustained growth.

Terry Jackman Chairman (1)

Sahba Abedian Managing Director (2)

Soheil Abedian Executive Director (3)

James Packer Non-Executive Director (4)

John Leaver Non-Executive Director (5)

Ron Eames Non-Executive Director (6)

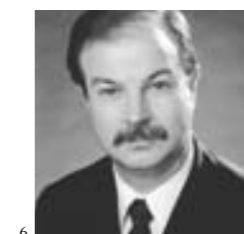
Glenn Wein Alternate Director to Mr Packer (replacing previous Alternate Director, Craig Carracher)



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CHAIRMAN'S REPORT



Terry Jackman Chairman

As we approach our 25th anniversary in November, Sunland is proud to report another record financial period for the Group, highlighted by significant achievements across its Australian and international portfolios. On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Sunland Group Limited and its controlled entities for the year ended 30 June 2008. Despite the recent world economic volatility, Sunland's attention to design and financial discipline has ensured we remain in a strong position to plan for future growth. In 2007-08 Sunland achieved a record net profit result of \$99 million after tax, representing an increase of 12% on the previous year. The figure exceeds the original profit forecast of \$95 million and demonstrates the Group's ability to execute its diversification strategy. Sunland's record profit performance was achieved on increased margins on Group revenue of \$497.1 million. The Group has continued its strong earnings per share performance, which has grown from 29.7 cents to 30.8 cents per share for the year ended 30 June 2008. Sunland's NTA has increased from \$1.57 to \$1.69. The Group's total portfolio increased to \$7.9 billion (including project services) as at 30 June 2008, up 65% from the previous year.

International expansion

In 2007-08, the value of Sunland's international portfolio in the UAE rose by 108% to total \$5.2 billion. The significant increase can be attributed to the Group's two new proposed mixed-use developments on the waterfront at Jebel Ali, which have a combined total end value of approximately \$3 billion. In October 2007, Sunland sold its one-third stake in its Business Bay joint venture project. Over the past 12 months construction on Sunland's flagship

offshore developments, Palazzo Versace Dubai and D1, has progressed and continued to attract strong pre-sales. Palazzo Versace Dubai, located within the prestigious Culture Village master-planned precinct, is being developed with joint-venture partner Emirates Investment Group. The deluxe resort will comprise 169 villas and 215 hotel rooms and is due for completion in the 2010 financial year. D1, the 80 storey sister development to Q1 on the Gold Coast, comprises 529 apartments and is also under construction, next to Palazzo Versace Dubai. The development is scheduled for completion in the 2011 financial year.

Located in the same precinct is Sunland's latest residential tower development, Nur, which was launched in June 2008. This 27-storey serviced-apartment high-rise project has attracted an outstanding level of pre-sales, with 74% of the 191 apartments settling in the first week following the launch. Today, the Group's three projects in the region have achieved total sales of \$1.2 billion. Sunland's international portfolio, which is primarily based on joint ventures with various groups, will continue to underpin the Group's earnings over the medium-term. Of critical importance is the structured payment system in the UAE where buyers of 'off-the-plan' properties are required to make staged payments throughout the construction period, whereby an initial 10% deposit is followed by a payment plan of instalments, right up until settlement. This provides important cash flow to the Group and significantly reduces the cost of financing as projects progress. As at 30 June 2008, Sunland had collected up to 40% of instalments from the initial purchases in Palazzo Versace Dubai and D1.

Australian growth and achievements

In 2007-08, Sunland's Australian development portfolio grew to \$2.2 billion, an increase of 15% on the previous year. A highlight for Sunland has been its historic return to Sanctuary Cove, Australia's prestigious golf course resort community at the northern end of the Gold Coast. We have entered a joint venture partnership with Sanctuary Cove's owner, Mulpha Australia Limited, to undertake a \$125 million development called The Residences which will involve the creation of 114 luxury homes over the next three years. The first stage is scheduled for release by December 2008. Creating design-driven residential environments in both master-planned estates and high-rise communities remains a key focus for Sunland in Australia. Over the past 12 months, Sunland has continued to build its portfolio, acquiring eight new residential sites. These eight purchases – of which three

are in Queensland, three in New South Wales, and two in Victoria – represent a development pipeline of more than five years and will yield 1,398 residential lots with an end value of \$444 million.

Sunland's Australian multi-storey portfolio performed well over the past year, with strong sales achieved at our recently completed Circle on Cavill and Avalon residential towers on the Gold Coast. The Group's second residential tower on St Kilda Road in Melbourne, Balencea, is scheduled for completion in late 2008 and is all but sold out, with only one apartment remaining for sale.

Diversified Land Fund

Sunland's development funds division continued to perform well in 2007-08. The Group's inaugural \$50 million Sunland Diversified Land Fund exceeded forecasts, delivering a capital distribution per unit of \$0.60 cents. This is almost a 50% improvement on the Product Disclosure Statement (PDS) forecast distribution of \$0.41 cents.

The launch of the \$57 million Sunland Diversified Land Fund No. 2 in February 2008 highlighted Sunland's commitment to increasing its development funds division and maintaining its conservative debt profile. Sunland's wholly-owned subsidiary Sunland Funds Management Limited raised \$22 million through the National Australia Bank, combined with debt funding of \$35 million from ANZ Bank for this vehicle. The forecast internal rate of return over the second fund's investment term of 5.2 years is 18%, with distribution of capital and income intended to be made progressively through this term.

This fund will finance the development of four existing residential land sub-division projects in Queensland and Victoria.

Sunland's funds division is closely aligned to the Group's core development activity involving investment in projects in locations experiencing healthy population growth and residential housing demand.

Dividend

Directors have declared a fully franked Final Dividend of 7 cents per share, bringing the full-year dividend to 14 cents per share fully franked – up from 13.5 cents the previous year. Sunland Directors have suspended the dividend reinvestment plan for the final 2008 dividend in response to current share market conditions.

In 2009 Directors intend to distribute a full year fully franked dividend of 15 cents per share, which represents a 7% increase on the 2008 payout.

Hotel Operations

This division continued to perform well in 2007-08. Sunland retained 50% profit from the 205-room Palazzo Versace Gold Coast as part of its joint venture arrangement with the Emirates Investment Group. The global roll-out of Palazzo Versace hotels will result in strong growth over the medium to long term for this division, which plans to retain and operate these assets. The 215-room Palazzo Versace Dubai is scheduled to open in the 2010 financial year.

Profit Contributors

The core of the Group's profit was derived from our Australian residential and land divisions, with 1,087 sales and 810 settlements achieved during 2007-08. Projects which made strong contributions in Australia included the multi-storey Circle on Cavill and Avalon developments; Arbour on the Park, Bluestone, Bushland Beach and Clover Hill urban developments; and the Jefferson, Greenvue and Castel residential housing projects. In the coming year, it is expected that the residential portfolio will continue to contribute to the Group's profitability. In July 2007 the \$59.5 million pre-sale of Sunland's first stand-alone commercial project, the headquarters for global airline group Virgin Blue Limited in Brisbane's north, was also finalised and settled in March 2008. Sunland's international operations contributed \$54 million to the Group's net profit after tax, representing 54.5% of earnings. Profits were also achieved on the sales of Sunland's one-third interest in the Business Bay project and a 50% stake of its Dubai Waterfront 1 site. The Group's project services division also continued to make a healthy contribution to Sunland's profit and achieved total revenues of \$47.2 million in 2007-08. Income from project services is forecast to generate \$121 million over the medium-term.

Board

On 13 June 2008 the Sunland Board ratified the appointment of Mr Glenn Wein as an Alternate Director to Non Executive Director, Mr James Packer. Mr Wein is Head of Private Equity for Consolidated Press Holdings Limited and replaces Mr Craig Carracher as Alternate Director for Mr Packer.

Group Financial Growth

The Group has maintained its low gearing levels and a strong balance sheet to enable future growth through the acquisition of new sites. As at 30 June 2008, the Group had a conservative debt to equity ratio of 15% and an 8% debt to

asset ratio – among the lowest in our sector – and we are in an excellent position to pursue counter-cyclical opportunities within Australia and focus on organic growth opportunities in the Middle East.

Profit Guidance – 2009

In 2008-09, Sunland is forecasting net profit after tax of \$109 million (10% growth) despite current market volatility and subject to no further severe downturn in the global economy. The Group's continued expansion into new markets and the organic growth of our business divisions will ensure that the business is positioned for growth and has the financial strength to endure market fluctuations.

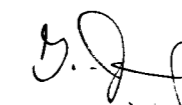
Annual General Meeting

This year's annual general meeting will be held at Palazzo Versace Gold Coast at 11am (Queensland time) on Monday 10 November, 2008. I encourage all shareholders and interested parties to attend.

The past 12 months of financial discipline and counter-cyclical growth have consolidated Sunland's expansion in the UAE and provided a future-focused portfolio of development opportunities in the residential high-rise and community sectors within Australia. As Sunland celebrates 25 years of excellence, I'd like to acknowledge the Board and senior management for their outstanding contribution to the success of the business as we enter this milestone year. Their leadership and vision have ensured Sunland is in excellent shape to continue its remarkable growth and to explore new opportunities on the horizon. I'd also like to acknowledge the efforts and expertise of our staff, who continue to drive the Group forward with their shared focus, passion and commitment to exceed expectations.

FINALLY, I WOULD LIKE TO THANK OUR LOYAL SHAREHOLDERS WHO HAVE JOINED US ON THIS JOURNEY AND HAVE SHARED IN OUR ACHIEVEMENTS.

We look forward to enjoying a long and successful future together.



Terry Jackman
Chairman, Sunland Group Limited

MANAGING DIRECTOR'S REPORT



Sahba Abedian Managing Director

From the creation of our first luxury dwelling in Benowa Waters 25 years ago to our current position as an international diversified property Group, Sunland's success has been built on the foundations of architectural innovation and fiscal discipline.

These fundamental strengths have never been as evident as in 2007-08, when Sunland exceeded forecasts to deliver a record profit of \$99 million during a period of tremendous economic volatility and tightening global credit markets. While this has destabilised many companies, Sunland has continued to pursue our strategy of diversified growth and delivering shareholder returns.

This has been the result of our in-house expertise, our financial acumen and our commitment to build on our key competency of residential development.

As we celebrate our 25th anniversary, Sunland's portfolio spans the residential spectrum, from the affordable to the premium, from high-rise to housing and urban development. Our commitment to fiscal discipline has been balanced with our strategy to explore new and emerging markets. Three years ago, we had the vision to establish an international business and set about the creation of this with great rigour and energy. Our geographic diversification into the United Arab Emirates has proven highly strategic, with the region continuing to grow despite worldwide economic instability. Today Sunland employs more than 100 people in our Dubai office who are steering the delivery of a \$5.2 billion portfolio. Planning is well advanced for Sunland's two proposed mixed-use developments on the Dubai waterfront at Jebel Ali, which have a combined total end value of approximately \$3 billion.

We are focused on the delivery of our portfolio as Dubai continues to grow as a major financial services centre and tourism destination.

Sunland's international portfolio will continue to play an important role in underpinning the Group's earnings in the

medium-term, offsetting the slowdown in the Australian market. Although challenging, the softening of the domestic environment also presents significant opportunity for Sunland over the next 24 months. Specifically, it allows us to implement our strategy of counter-cyclical investment and build a strong platform for future growth.

We endeavour to consistently deliver innovative architecture, complemented by thoughtfully integrated and sustainable communities made distinct by urban 'Artscape'. It is our belief that this investment in urban Artscape and design not only adds value and beauty to an environment, it can forever improve our contribution to lifestyle, recreation and the arts. Accordingly, it is with great pride that this commitment to design has resulted in widespread industry recognition of a number of our Australian projects over the past 12 months. As we begin our next chapter, we will remain focused on our strategy of portfolio delivery and expansion through our symbiotic principles of financial discipline and architectural excellence.

Within Australia, the Group will progress the planning and delivery of its development pipeline across its high-rise, residential housing, and urban development portfolios and is committed to recycling capital through the expansion of its development funds and joint venture initiatives.

As Sunland delivers its portfolio and expands, we are continuing to strengthen the skills of our people and identify future leaders within the Group. We are committed to a culture of excellence, and developing our people, so that they reach their highest potential and create outcomes that enhance the urban fabric of the communities in which we are privileged to work.

The new financial year is not without its challenges and the market is emerging as a very complicated and fast-changing one. However by harnessing and utilising the experience, knowledge and financial strength of the Group, opportunities will be identified.

During Sunland's 25-year history, we have navigated many different market cycles, including several recessions. Throughout, we have always emerged in a stronger financial and market position. It is during volatile periods that the true character of any company and its people is tested. As we enter 2008-09, Sunland is in an enviable position of financial and creative strength. We can look forward with excitement to a year that offers new challenges and opportunity. Our gearing levels are among the lowest in our sector and our strong cash reserves have positioned Sunland to capitalise upon counter-cyclical opportunities as they arise.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE BOARD, MANAGEMENT, AND ALL MEMBERS OF THE SUNLAND TEAM FOR ANOTHER YEAR OF RECORD SUCCESS. THEIR SHARED VISION, KNOWLEDGE AND EXPERTISE CONTINUES TO GUIDE THE COMPANY TO ACHIEVE NEW BENCHMARKS; THEIR DEDICATION, CREATIVITY AND INNOVATION CONTINUES TO UNDERPIN OUR ACHIEVEMENTS AND PROFIT GROWTH.

Ours is a future of great promise.

A handwritten signature in dark ink, appearing to be 'Sahba Abedian', written in a cursive style.

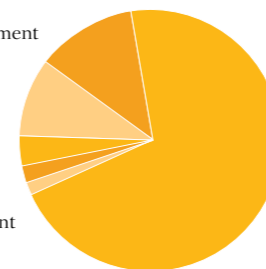
Sahba Abedian Managing Director

RECORD OPERATING PROFIT AFTER TAX
 INCREASES BY 12% TO \$99 MILLION
 65% GROWTH IN TOTAL GROUP PORTFOLIO TO
 \$7.9 BILLION (INCLUDING PROJECT SERVICES)
 FINAL DIVIDEND OF 7 CENTS PER SHARE FULLY
 FRANKED, BRINGING THE FULL-YEAR DIVIDEND
 TO 14 CENTS PER SHARE FULLY FRANKED -
 UP FROM 13.5 CENTS THE PREVIOUS YEAR.

2007-08 FINANCIAL AND OPERATIONAL HIGHLIGHTS

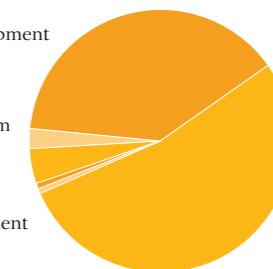
Revenue by Division

International Development
 12.3% – \$61.0m
 Project Services
 9.5% – \$47.2m
 Hotels 3.1% – \$15.6m
 Other 2.1% – \$10.4m
 Funds Management
 0.8% – \$4.2m
 Australian Development
 72.2% – \$358.6m



Assets by Division

International Development
 38.7% – \$307.6m
 Project Services
 2.5% – \$19.5m
 Hotels 4.5% – \$35.7m
 Other 0.3% – \$2.8m
 Funds Management
 0.3% – \$2.5m
 Australian Development
 53.7% – \$427.4m



Asset by Division

Year Ended 30 June	2004 (ii)	2005 (i)	2006	2007	2008
For the Year					
Sales Revenue (\$ millions)	390.5	199.9	488.7	634.3	497.1
Operating Profit After Tax (\$ millions)	55.2	30.7	72.3	88.1	99.0
At Year End					
Shareholders' Equity (\$ millions)	188.0	235.9	283.0	500.2	546.7
Total Assets (\$ millions)	546.9	756.5	783.6	780.4	981.4
Cash (\$ millions)	9.9	14.6	55.5	115.9	113.4
Per Share					
Earnings (cents)	30.6	13.5	28.9	29.7	30.8
Net tangible assets (\$)	0.88	1.02	1.11	1.57	1.69
Key Measures					
Return on shareholders' equity after tax (%)	29.4	13.0	25.6	17.6	18.1
Gearing 30 June (Debt/Assets)(%)	38.9	50.3	44.8	12.6	8.1

(i) After adjustments to AIFRS (ii) Report under previous Australian Accounting Standards

2007-08 FINANCIAL
AND OPERATIONAL HIGHLIGHTS (cont)

Balance Sheet Strengthened

- Sunland continued to reduce debt and recycle capital through expanding its development funds division and forging key joint venture relationships in Australia and Dubai
- Conservative gearing levels maintained at ratios of 15% debt to equity and 8% debt to asset
- Staged payment structure in Dubai continues to provide important cash flow to the Group and significantly reduces the cost of financing as projects progress. As at 30 June 2008, Sunland has collected up to 40% of instalments for the initial purchases in Palazzo Versace Dubai and D1.

International Portfolio

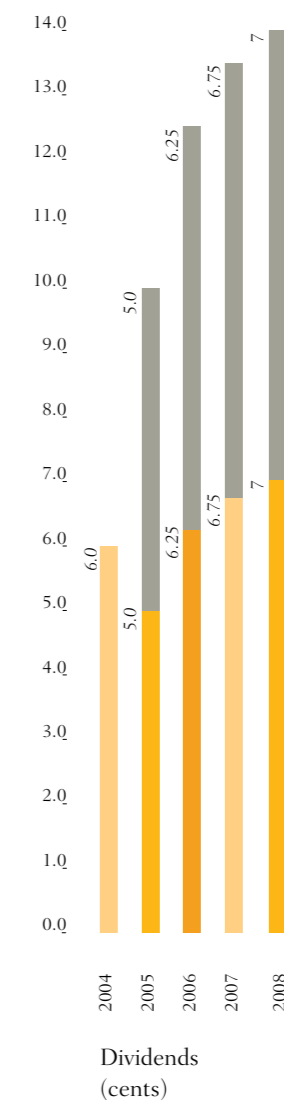
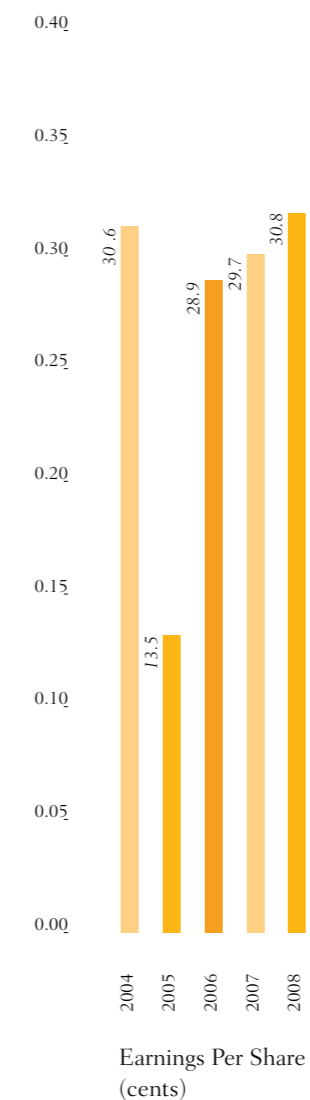
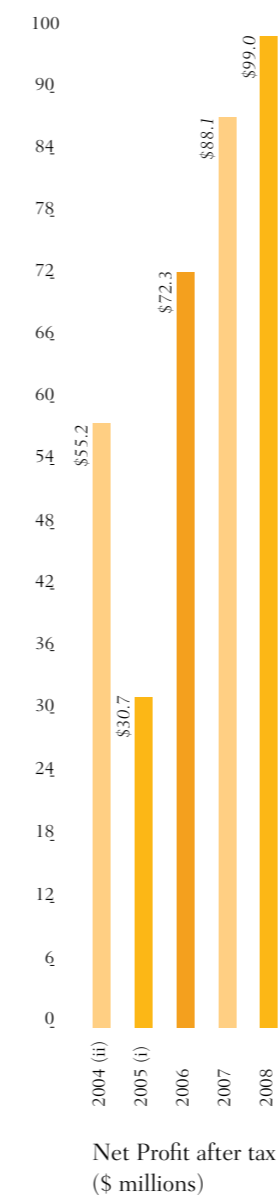
- Portfolio growth to \$5.2 billion
- Acquired fifth Dubai project, Waterfront 2 and unveiled plans for a \$1.8 billion mixed-use development
- Construction well underway in Dubai on Palazzo Versace and D1
- Latest Dubai residential tower development, Nur, launched in June 2008
- Combined pre-sales at Sunland's three Dubai developments - Palazzo Versace Dubai, D1 and Nur - achieved total of \$1.2 billion
- Business Bay office joint venture development on-sold to realise \$5 million profit for Sunland (33% ownership).

Australian Portfolio

- Portfolio growth to \$2.2 billion
- Urban development and residential housing portfolios along Australia's east coast expand, with eight acquisitions which will yield 1,398 residential lots with an end value of \$444 million within the medium-term
- Strong ongoing sales in niche residential markets at Chancellor (Victoria), Emery (New South Wales), Bushland Beach and Greenvue (Queensland)
- Successfully completed Sunland's first major integrated housing estate in New South Wales, Castel in Castle Hill, which is entirely sold and settled
- Circle on Cavill and Avalon residential towers, located on the Gold Coast in Queensland, both achieved strong sales
- Announced historic return to Sanctuary Cove on the Gold Coast in a joint venture with Mulpha Australia Limited to develop The Residences, comprising 114 luxury homes over three years with an end value of \$125 million
- Expansion of commercial activities with the successful settlement and completion of the purpose-built national headquarters for global airline Virgin Blue Limited, in Brisbane, which pre-sold for \$59.5 million.

Capital Management

- The inaugural Sunland Diversified Land Fund delivered capital distribution for investors of 60 cents per unit, almost 50% above the Product Disclosure Statement forecast of a 41 cent distribution per unit
- Launched and completed raising for the \$57 million Sunland Diversified Land Fund No.2. This fund is tracking online with the PDS forecast and has resulted in a return on capital of \$1.20 per unit to 30 June 2008
- Increasing contribution from Non-Development Operations through Funds Management, Project Services and Hotel Ownership.



INTERNATIONAL
PORTFOLIO



PROJECTS UNDERWAY

Palazzo Versace Dubai

Positioned upon the water's edge of Dubai Creek, Palazzo Versace is being undertaken in joint venture with Emirates Investment Group (EIG) and will comprise 169 luxury residences and 215 hotel suites. Construction completion 2010.

D1 *(photograph 1)*

D1 is an iconic 80-level residential tower encompassing 529 apartments and is located adjacent to Palazzo Versace on the Dubai Creek. It is being developed in joint venture with EIG. Construction completion 2011.

Nur *(photograph 2)*

Located in the exclusive Culture Village, Nur will offer 191 serviced residences and is a joint venture with Peacock Ventures. Construction completion 2011.

PROJECTS TO BE RELEASED

The Atrium *(photograph 3 - far left)*

An iconic and sculptural tower overlooking the beachfront at Jebel Ali. This mixed-use development has an end value of \$1.8 billion.

Waterfront 1

A luxury, mixed-use tower with an end value of \$1.6 billion on a prime 3.2 hectare beachfront site within the prestigious waterfront precinct overlooking the Palm Jebel Ali. This is a joint venture with Peacock Ventures.

Sunland is focused on the delivery of its Dubai portfolio as the region continues to grow as a major financial services and tourism centre for the Middle East and attract an increasing number of global corporate headquarters. Our growth in the United Arab Emirates is largely funded by the staged payment by 'off-the-plan' purchasers which provides important cash flow and significantly reduces the cost of financing required as projects progress.

Sunland's recent development, the 27-storey Nur residential tower, is located in the prestigious Culture Village precinct and was launched in June 2008. In the first week following the launch, pre-sales on 74% of the 191 residences had been finalised, totalling \$163 million in value.

The Group's debut projects in Dubai, Palazzo Versace and D1, are being undertaken in a joint venture with the Emirates Investment Group. Both projects have experienced strong pre-sales since they were launched in January 2007.

Today, combined pre-sales at Sunland's three Dubai developments total \$1.2 billion.

In October 2007 Sunland acquired its fifth Dubai project, The Atrium (Waterfront 2) and unveiled plans for a \$1.8 billion mixed-use development at the beachfront entry of the prestigious Palm Jebel Ali.

PLANS FOR ANOTHER PREMIUM MIXED-USE DEVELOPMENT ON THE DUBAI WATERFRONT AT JEBEL ALI, adjacent to the Waterfront 2 site, are also well underway.



1



2

Palazzo Versace

Sunland has always understood that architecture is an experience in itself, a destination. By harnessing the emotive power of design excellence, from the foundation to the furnishings, Sunland created a new global genre with the delivery of the world's first fashion-branded hotel experience, Palazzo Versace. In doing so, it created history.

In 2000, Sunland unveiled Palazzo Versace Gold Coast - the world's first fashion branded hotel and an international icon for opulence and elegance.

In keeping with this pioneering spirit, on 15 November 2006 Sunland executed an exclusive and historic agreement with Gianni Versace SpA to develop a further 15 resorts around the world and will endure as a powerful catalyst for the Group's entry into new global markets.

The first resort to be delivered under this agreement is Palazzo Versace Dubai, which is located on a prime 5.5 hectare site on the Dubai Creek waterfront, as part of the region's exciting Culture Village precinct. The Hotel will comprise 169 residences and 215 hotel suites and is scheduled for completion in the 2010 financial year.

The project has attracted strong sales success and as at 30 June 2008, pre-sales at Palazzo Versace Dubai totalled \$471.6 million, representing 127 of the villas.

The Group is currently looking at emerging markets in the broader Middle East, as well as exploring opportunities in other locations, which meet our three key criteria. These include regions that have an appreciation of international luxury brands, demonstrate a strong uptake to condominium projects and have an established tourism and leisure market.



Palazzo Versace Dubai



AUSTRALIAN
PORTFOLIO

Multi-Storey



Sunland's history is marked by towering achievements - from the world's tallest residential tower Q1 on the Gold Coast, to the celebrated Yve luxury apartment high-rise in Melbourne. These iconic developments have shaped their city's skylines, enriching the urban fabric with sculptural and timeless forms. Sunland's latest residential high-rise developments on the Gold Coast, Circle on Cavill and Avalon, both continued to deliver strong sales results in 2007-08.

OUR SECOND RESIDENTIAL TOWER DEVELOPMENT IN MELBOURNE, BALENCEA LOCATED ON THE PRESTIGIOUS ST KILDA BOULEVARD IS WELL UNDERWAY, with construction scheduled for completion in late 2008.

PROJECTS COMPLETED

- Circle on Cavill, Queensland (*photograph 1*)
- Avalon, Queensland (*photograph 2*)
- Virgin Blue Headquarters, Queensland (*photograph 3*)
- 36 Louisa Road, New South Wales (*photograph 4 - far left*)

PROJECTS UNDERWAY

- Balencea, Victoria (*photograph 5*)

PROJECTS TO BE RELEASED

- Marine Parade Queensland 2010
- The Prince New South Wales 2010



1



2



3



5



Residential Housing

Sunland's commitment to excellence from creating a single home to a master-planned community continues to set us apart from our peers.

**OUR INTEGRATED RESIDENTIAL PORTFOLIO
RESIDES IN PRECINCTS OF HIGH AMENITY.**

**Innovative design must be accessible
to all if we are to build vibrant
and sustainable communities.**



1



2



4



5



6

PROJECTS COMPLETED

- Jefferson, Queensland
- Greenvue, Queensland (*photograph 1*)
- Casa, New South Wales (*photograph 2*)
- Castel, New South Wales (*photograph 3 - far left*)
- The Collection at Prince Henry,
New South Wales (*photograph 4*)
- Jardin Residences, Victoria

PROJECTS UNDERWAY

- Emery, New South Wales (*photograph 5*)
- Elysia, New South Wales (*photograph 6*)
- Arbour Residences, Victoria

PROJECTS TO BE RELEASED

- The Parc, Queensland 2008
- The Residences - Sanctuary Cove,
Queensland 2008
- Merrim, Queensland 2009
- Peregian Springs, Queensland 2009
- Sedyr, New South Wales 2009
- Amytis, New South Wales 2009
- The Heritage, Victoria 2009



Urban Development

Sunland's master-planned communities incorporate the highest level of urban and landscape design and sustainable development principles. Our investment and innovation in urban 'Artscape', working alongside renowned contemporary artists, allows us to make art through architecture accessible to all. We recognise the need for communities to have their own identity and exceed market expectations to deliver stunning entry statements, landscaped parklands and innovative residential design.

URBAN DEVELOPMENT IS CLOSELY ALIGNED WITH SUNLAND'S EMERGING DEVELOPMENT FUNDS DIVISION and the group will continue to focus on this area in the years ahead.



PROJECTS UNDERWAY

- Bushland Beach, Queensland (*photograph 1*)
- Everett St, Queensland
- Palms Estate, New South Wales
- Bluestone, Victoria (*photograph 2*)
- Chancellor, Victoria (*photograph 3*)

- Sunland Diversified Land Fund – Bushland Beach QLD, Clover Hill QLD, Arbour on the Park VIC
- Sunland Diversified Land Fund No. 2 – Bushland Beach QLD, Highfield Ridge QLD, The Province VIC, (*photograph 4 - far left*)
- Bluestone VIC

PROJECTS TO BE RELEASED

- Bushland Beach II, Queensland
- Peregian, Queensland*
- Tahmoor, New South Wales*
- Miners Rest, Victoria*

**Subject to development approval*

NON-DEVELOPMENT OPERATIONS

AS PART OF SUNLAND'S DIVERSIFICATION STRATEGY, THE GROUP'S NON-DEVELOPMENT OPERATIONS ARE BEING EXPANDED AND ARE MAKING AN INCREASING CONTRIBUTION TO REVENUE. THESE OPERATIONS COMPRISE PROJECT SERVICES, DEVELOPMENT FUNDS AND HOTEL OWNERSHIP AND ARE ACHIEVING STRONG MARGINS.

The combined value of Sunland's non-development operations as at 30 June 2008 totalled \$400 million.

Project Services

The project services division is expected to generate income of \$121 million over the medium-term. New projects entered into during the 12 month period include joint venture developments in Queensland's Sanctuary Cove resort community on the Gold Coast and the proposed mixed-use Waterfront 1 development at Jebel Ali, Dubai.

Capital Partners

Sunland remains focused on recycling capital through expanding its funds management and joint venture initiatives in both Australia and Dubai.

Development Funds

Sunland's development funds are closely aligned with our core development activity involving investment in projects in locations experiencing healthy population growth and residential housing demand. The Group's development funds division continued to perform well in 2007-08, with Sunland's inaugural fund, the Sunland Diversified Land Fund, delivering a capital distribution to investors of 60 cents per unit, almost 50% above the Product Disclosure Statement (PDS) forecast of a 41 cent distribution per unit.

As at 30 June 2008, the land fund was almost sold out with 548 of 560 lots under contract. Only 12 lots remain to be sold. To date, 454 lots have settled which equates to 81% of the total lots in the Fund.

Sunland Diversified Land Fund - Highlights as at 30 June 2008

- Early return of capital and income distributions reflective of the successful completion and sell down of the development assets tracking ahead of the PDS forecast
- Bushland Beach and Clover Hill Estates are built and registered and Arbour on the Park is set to register its last stage of development in October 2008
- All projects continued to perform well. Clover Hill is sold out, Bushland Beach and Arbour on the Park are 97% and 99% sold respectively.
- 549 sales to date worth over \$88 million
- Settlements to date comprise of over 80% of the total yield with a value of over \$75 million.

In January 2008 the division launched its second fund, the Sunland Diversified Land Fund No.2, which successfully raised \$22 million in equity. Sunland has a cornerstone investment of 18.3% in the Fund, which under its PDS is forecast to provide an Internal Rate of Return of 18% over the fund term of 5.2 years.

Investors in the Sunland Diversified Land Fund No. 2 will participate in the returns generated from the development and sale of residential sub-division lots at the Group's development projects at Bushland Beach in Townsville (Queensland), Highfield Ridge in Toowoomba (Queensland), Bluestone in Wyndham Vale (Victoria) and The Province in Highton (Victoria).

PORTFOLIO 1983 / 2008



SUNLAND'S REMARKABLE JOURNEY BEGAN IN 1983 WITH THE CONSTRUCTION OF A SINGLE RESIDENCE IN BENOWA WATERS ON THE GOLD COAST. IN THE 25 YEARS THAT HAVE PASSED, THE DEFINING MOMENTS OF THE GROUP HAVE INCLUDED THE CREATION OF THE WORLD'S FIRST FASHION-BRANDED-HOTEL EXPERIENCE PALAZZO VERSACE AND THE WORLD'S TALLEST RESIDENTIAL TOWER Q1. OUR HISTORY HAS BEEN SHAPED BY A CULTURE WHERE WE CONSTANTLY LOOK TO THE FUTURE; REFINING, PIONEERING AND CHALLENGING ARCHITECTURAL BOUNDARIES

to create sustainable and vibrant environments that enrich the communities in which we operate.

1983/89



Benowa Waters, Queensland 1983



Paradise Waters, Queensland 1985



Sorrento, Queensland 1985



Sanctuary Cove, Queensland 1987



Malibu, Queensland 1989

1990/95



Gaven Heights, Queensland 1990



Paradise Palms, Queensland 1993



Carmel by the Sea, Queensland 1994



Riverview Gardens, Queensland 1995



Imperial Plaza, Queensland 1995

1996/97



Somerset Place, Queensland 1996



Legends Hotel, Queensland 1997

1998/99



SunCity, Queensland 1998



Crystal Bay, Queensland 1998



Lakeland Villas, Queensland 1998



Somerset Park, Queensland 1998



Somerset Gardens, Queensland 1998



Somerset Views, Queensland 1999

2000



Palazzo Versace, Queensland



Rosedale Gardens, Queensland



Parklake, Queensland



Osprey Gardens, New South Wales



Eastlake Villas, Queensland

2001



Berwick Springs, Victoria



Grand Apartments, Queensland



Cordoba Manors, Queensland



East Hill Residences, Queensland



Riversprings Country Club, Qld

2002



Regatta Waters, Queensland



Aria, Queensland



Sovereign Manors, Victoria



Padstow Views, Queensland

2003/04



Orchard Park, Victoria 2003



Bourton Place, Queensland 2003



Lumiere, Queensland 2004

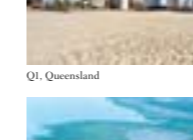


Sunkids, Queensland 2004

2005



Q1, Queensland



Sea Breeze, Queensland



Signature at Sanctuary Lakes, Vic



Newstead Terraces, Queensland

2005



Bushland Beach, Queensland



Palms Estate, New South Wales



Glasswing, Queensland



Castlebrae, New South Wales

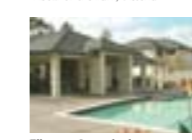


Yve, Victoria

2006



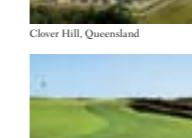
Arbour on the Park, Victoria



Ellington, Queensland



Clover Hill, Queensland



Jardin, Victoria



Avalon, Queensland



Camberay Residences, NSW

2006



Northbridge Residences, Queensland



Lilyvale, Queensland



Circle on Cavill Retail, Queensland



Bluestone, Victoria

2007



Circle on Cavill, Queensland



Greenwood Pocket, Queensland



Emery, New South Wales

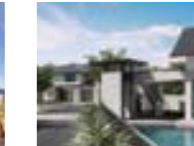


Allure, Queensland

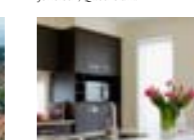


The Province, Victoria

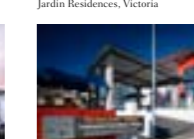
2007



Jefferson, Queensland



Jardin Residences, Victoria



Leukaemia Village, Queensland



Highfield Ridge, Queensland

2008



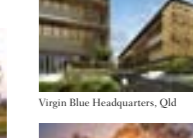
Castel, New South Wales



Greenvue, Queensland



Louisa Road, New South Wales

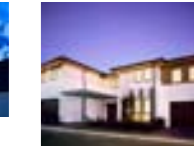


Virgin Blue Headquarters, Qld



Chancellor, Victoria

2008



Elysa, New South Wales



The Collection, New South Wales



Balencia, Victoria

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The Company is listed
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The Home Exchange
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Sunland Group

