

# Sunland Group

ESTABLISHED

1983

30 August 2024

Notice to Sunland Shareholders

## **Sunland announces receipt of an unsolicited non-binding proposal**

We refer to the off-market takeover bid by Sun Holdings GC Pty Ltd (ACN 677 077 771) (**Sun Holdings**) for all of the ordinary shares in Sunland announced on 2 July 2024 (**Offer**).

The directors of Sunland advise that Sunland has received an unsolicited, non-binding, indicative only proposal (subject to conditions) from Abedian & Co Pty Ltd (ACN 671 094 536) to acquire, by way of scheme of arrangement, all of the shares in Sunland that it does not already own for all cash consideration of A\$0.07 per Sunland share (**Proposal**).

A copy of the Proposal is attached to this announcement.

The directors of Sunland are currently considering the Proposal (including with Sunland's legal and financial adviser).

For the avoidance of doubt, the directors note that the Proposal is subject to completing satisfactory confirmatory due diligence and execution into a binding scheme implementation agreement. Accordingly, there is no certainty that the Proposal will proceed.

The directors of Sunland also note Sunland has not received a material update from Harvest Lane Asset Management Pty Limited (ACN 158 314 697) in respect of its proposal following Sunland's announcement dated 27 August 2024.

Sunland will continue to provide updates to shareholders in accordance with its continuous disclosure obligations.

This announcement has been authorised by the Board of Directors and is made in accordance with the continuous disclosure obligations set out in section 675 of the Corporations Act.



**Grant Harrison**  
**Company Secretary**

Note this notice has not been lodged with the ASIC as Sunland intends disclosing material information on its web site in accordance with the good practice guidance in ASIC Regulatory Guide 198

**Abedian & Co Pty Ltd**  
**ACN 671 094 536**  
**c/- Corporate Centre One**  
**Level 6, 2 Corporate Court**  
**Bundall QLD 4217**

29 August 2024

Mr. Grant Harrison  
Executive Director

Mr. Chris Freeman  
Non-Executive Director

Mr. Ron Eames  
Non-Executive Director

Sunland Group Limited  
2 Lanes Boulevard  
Mermaid Waters QLD 4218

Dear Messrs. Harrison, Freeman and Eames

**Non-binding indicative all cash proposal to acquire Sunland Group Limited (ACN 063 429 532)**

Abedian & Co Pty Ltd (**ACO**) is pleased to submit this non-binding indicative proposal to acquire, by way of a scheme of arrangement, all the shares in Sunland Group Limited (**SDG**) which it does not already own, for all cash consideration of A\$0.07 per SDG share on the terms and conditions set out in this letter (**Indicative Proposal**).

The 100% cash consideration contemplated by our Indicative Proposal represents an attractive opportunity with significant benefits to SDG shareholders, including:

- liquidity in a relatively illiquid shareholding;
- delivery of a certain cash value for SDG shareholders, which is superior to the other proposals recently announced by SDG;
- a return for SDG shareholders which is earlier than the timeline indicated by SDG;
- a return which may be more than the return available to SDG shareholders if future Operating and Strategy Costs <sup>1</sup> were to exceed the estimates for them and provision by SDG.

ACO believes that its Indicative Proposal provides full and fair value for SDG shares, with 100% cash consideration providing certainty of value and the ability for SDG shareholders to monetise their investment before December 2029.

ACO supports SDG's current Executive Director, Mr. Grant Harrison, and management, and intends to manage the Operating Strategy and Costs <sup>2</sup> in an effective and efficient manner whilst exploring opportunities to grow SDG, both organically and through future projects.

ACO considers it is particularly well-positioned to support the operations given the experience, expertise and track record of its director, Dr. Soheil Abedian, who was the founder of SDG and acted as its former Executive Chairman.

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<sup>1</sup> As that term is defined in the Consolidated annual financial report for SDG for the year ended 30 June 2024 (see page 6).

<sup>2</sup> As defined above

ACO's Indicative Proposal is subject to the terms, conditions and requirements set out below.

## **About ACO**

ACO is a property development company. It is an Australian proprietary limited company and was incorporated on 6 September 2023. The sole director and company secretary of ACO is Dr. Soheil Abedian. ACO does not directly hold any shares in SDG. However, its associates, Havannah Pty Ltd ACN 078 806 434 and Pacific Development Corporation Pty Ltd ACN 010 504 042 have a relevant interest in 36.52% of the SDG shares on issue.

Dr. Soheil Abedian is a former officer of SDG, most recently holding the role of Executive Chairman. Through his involvement with SDG, Dr. Soheil Abedian has gained extensive experience and expertise in:

- residential housing, delivering some of Australia's most successful and iconic residential developments. This has included development and sale of land, as well as the construction of medium-density housing; and
- urban development of award-winning, design-driven communities along Australia's eastern seaboard. This has included development of urban areas, encompassing both land development and the creation of residential communities.

Since founding SDG in 1983, Dr. Soheil Abedian has been involved in property development and management in Queensland, Sydney and Melbourne. He has introduced innovative and high-standard residential living spaces and is the founder of the Abedian School of Architecture located at Bond University, Gold Coast.

## **Key assumptions**

ACO has formulated the Indicative Proposal based of the following key assumptions:

- the financial information publicly reported by SDG, including in its financial statements for the period ending 30 June 2024, accurately describes the key financial and operating attributes and conditions of SDG; and
- SDG's issued securities comprise 136,909,515 fully paid ordinary shares and there are no performance rights or other securities on issue.

## **Funding**

ACO has access to sufficient financial resources available to ACO to fund an acquisition of 100% of SDG from internal resources and new available capital contributions and/or debt facilities from its current members and their associates. ACO considers such support will be sufficient to finance its Indicative Proposal.

## **Due diligence**

ACO has already undertaken a significant amount of work to assess SDG based on publicly available information.

ACO's Indicative Proposal is conditional on ACO completing satisfactory confirmatory due diligence investigations on SDG and its business and assets, including to confirm the assumptions set out above. This due diligence would be conducted over a 14-day period.

This due diligence will require SDG to provide ACO with access to materials and information to undertake its due diligence inquiries.

ACO is committed to dedicating the resources required to complete its due diligence in a timely and efficient manner.

## **Implementation and Conditions**

ACO does not require any investor approvals to implement the Indicative Proposal. ACO has approved the submission of this Indicative Proposal. The final approval of the ACO will be required prior to execution of a definitive scheme implementation agreement.

As ACO intends for the Indicative Proposal to proceed by way of an agreed, recommended scheme of arrangement, following completion of ACO's confirmatory due diligence to its satisfaction, any proposed transaction would also be subject to the execution of a satisfactory scheme implementation agreement (**SIA**) on customary terms and conditions, including with respect to exclusivity, deal protection (including a break fee, no-talk, no-shop, matching rights and notification provisions), no material adverse change, no prescribed occurrences (including no payment of dividends prior to completion of the transaction), representations/ warranties, and business covenants, the unanimous recommendation of SDG directors, and other usual conditions.

The SIA will provide for SDG to continue to conduct its operations in the ordinary course and restrict SDG from certain conduct including (but not limited to) undertaking any significant transactions (for example, acquisitions or disposals) without ACO's consent. The SIA will also provide for customary and business/sector specific representations and warranties from SDG, including a representation and warranty that SDG is not in breach of its continuous disclosure obligations under the *Corporations Act 2001* (Cth) and is not relying upon any carve-outs to withhold any information from disclosure (other than the Indicative Proposal).

The anticipated conditions to any scheme of arrangement to effect the Indicative Proposal are as set out in this letter. ACO reserves the right to include, remove or vary any conditions, including based on the results of its confirmatory due diligence investigations. Implementation of ACO's proposal will not require FIRB approval.

## **Non-binding proposal**

This Indicative Proposal is intended as an expression of ACO's interest and is an incomplete proposal, containing current intentions only. It is not an offer capable of acceptance or otherwise capable of giving rise to a binding contract. Unless a definitive agreement is entered into between ACO and SDG regarding the Indicative Proposal, ACO will not be under any obligation to SDG with respect to the proposed transaction (including, without limitation, to negotiate terms of the proposed transaction with SDG). This Indicative Proposal does not constitute a proposal to make a takeover bid for the purposes of section 631 of the *Corporations Act 2001* (Cth).

## **Release of Indicative Proposal**

Notwithstanding the non-binding nature of the Indicative Proposal, ACO recognises that, information about the Indicative Proposal may be material to SDG shareholders. Subject to final agreement of a bid implementation agreement between the parties consistent with the terms of this Indicative Proposal:

- ACO confirms that it has no objection to SDG publicly announcing receipt of the Indicative Proposal and releasing this letter to the SDG Shareholders via its website (provided that this letter is released in full and it is made clear that the Indicative Proposal is non-binding) to ensure that SDG shares are traded on a fully-informed basis.
- ACO reserves the right to publicly release this letter should SDG choose not to do so.

## **Competing Proposal**

Noting associates of ACO hold a relevant interests of 36.52% in SDG Shares, and in

accordance with truth in takeovers, if a Competing Scheme Proposal emerges for SDG then such associates may vote all the SDG Shares that are owned or controlled by that entity or person, at the relevant time, against the Competing Scheme Proposal, and each of those associates may not accept any of those SDG Shares into any Competing Takeover Proposal that is made.

As a Competing Scheme Proposal requires 75% of the votes cast by, and more than 50% in number of, eligible shareholders to vote in support of the scheme, and also recognising that voter turnout at scheme meetings is often substantially lower than 100%, there is consequently significant uncertainty that a Competing Scheme Proposal will meet the required approval thresholds.

### **Advisers**

ACO has engaged Mills Oakley as legal adviser and will shortly engage such other professional advisers as it determines appropriate to assist ACO with the Indicative Proposal.

### **Summary and next steps**

ACO considers the potential transaction outlined in this Indicative Proposal to be an exciting opportunity for ACO, SDG and SDG's shareholders – in particular that it offers certainty of value and brings forward distributions to SDG shareholders earlier than the proposed completion of the Strategy<sup>3</sup> and winding down of SDG.

ACO would welcome the opportunity to move forward to negotiate a binding scheme implementation agreement with SDG so that the parties may move forward with the scheme of arrangement.

ACO and its advisers have the ability to negotiate a scheme implementation agreement concurrently with due diligence and we would seek to work with SDG to announce an agreed transaction.

We look forward to discussing our Indicative Proposal with you at your earliest convenience.

Signed by:

Signed by:  
  
EECCC6EE668F413...  
**Dr. Soheil Abedian**  
**Director**  
**Abedian & Co Pty Ltd**  
**ACN 671 094 536**

29/8/2024 | 5:41 PM AEST

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<sup>3</sup> As initially announced to the ASX on 20 October 2020.