

Sunland Group

ESTABLISHED

1983

23 October 2024

Notice to Sunland Shareholders

Sunland Group Limited enters into scheme implementation agreement with Sun Holdings GC Pty

Further to its announcement on 4 September 2024, **Sunland Group Limited (ACN 063 429 532) (Sunland)** and **Sun Holdings GC Pty Ltd (ACN 677 077 771) (Sun Holdings)**, an entity ultimately owned and controlled by property developer Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402) (**Homecorp**), have entered into a scheme implementation agreement dated 23 October 2024 (**SIA**).

Under the SIA, it is proposed that Sun Holdings will acquire by way of a scheme of arrangement all of the issued fully paid ordinary shares in Sunland (**Shares**) for consideration of \$0.0675 less the amount of any dividend declared by Sunland directors (**Scheme**).

Subject to applicable laws and the Scheme becoming effective, Sunland directors may declare a dividend of up to \$0.065 per Share. Such dividend (if any) will be a '**Permitted Dividend**' under the Scheme. The cash amount payable by Sun Holdings under the Scheme will be reduced by the cash amount of any Permitted Dividend (**Scheme Consideration**). It is expected that any dividend would be fully franked at the tax rate of 25%.

Shareholders should note that, nothing in the SIA obliges Sunland to declare a dividend up to \$0.065 per Share and that \$0.065 per Share is an indicative only figure and not reflective of the actual quantum of the Permitted Dividend, which could be a lower amount.

A copy of the SIA is available to be viewed on Sunland's website.

Implementation of the Scheme

Sunland shareholders do not need to take any action in relation to the Scheme at this stage.

The Scheme is subject to a number of conditions including approval of Sunland shareholders at the extraordinary general meeting called '**Scheme Meeting**' in the SIA, which is expected to be held in mid-January 2025. A Scheme booklet containing important information is currently expected to be sent to Sunland shareholders by the end of November 2024. The Scheme booklet will contain additional information relating to Sunland, Sun Holdings, Homecorp and the Scheme, including the basis for the Sunland board's unanimous recommendation that Sunland shareholders vote in favour of the Scheme, an independent expert's report opining on whether the Scheme is in the best interests of Sunland shareholders and details of the Scheme.

If the Scheme is approved by Sunland shareholders and the other conditions precedent are satisfied or (if permitted) waived, the Scheme is expected to be implemented in February 2025.

Competing proposals

During and after the Sun Holdings Takeover Offer period, Sunland also received two alternative unsolicited non-binding indicative only scheme of arrangement proposals. The first was from Harvest Lane Asset Management Pty Limited ACN 158 314 697 for \$0.05 per Sunland Share, and the other was from Abedian & Co Pty Ltd ACN 671 094 536 for \$0.07 per Sunland Share. Neither of these proposals proceeded to a binding offer.

Unanimous recommendation of Sunland Board

Having carefully considered the Scheme, Sunland's directors unanimously support the Scheme and recommend that Sunland shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert appointed by Sunland concluding, and continuing to conclude, that the Scheme is in the best interests of Sunland's shareholders.

Subject to the same qualifications, each Sunland director intends to vote in favour of the Scheme in respect of each Share they hold or control. The key factors that the Board has considered in reaching this recommendation will be set out in detail in the Scheme booklet. The Scheme booklet will also set out further details about the Scheme, will include an independent expert report, and will detail important information for Sunland shareholders to consider, including how to vote at the Scheme Meeting, the key reasons why Sunland shareholders should consider the Scheme, and information about Sun Holdings.

The Sunland board has determined that it is in the best interests of shareholders to enter into the binding SIA with Sun Holdings and proceed with the Scheme. The SIA includes customary fiduciary carve-out provisions which allow the Sunland Board to consider any competing proposals that are or may reasonably be expected to lead to a superior proposal and subject to customary exclusivity commitments in favour of Sun Holdings including no shop, no talk, notification and matching rights.

Overview of the SIA

The SIA sets out the manner in which Sunland and Sun Holdings have agreed to cooperate with each other in relation to the Scheme and its implementation. The SIA provides Sun Holdings exclusivity until the end of the date the Scheme is implemented (unless the SIA is terminated or Sunland receives a competing proposal that Sun Holdings does not match or beat) and includes provisions customary for a transaction of this nature including no shop, no talk, notification and matching rights, subject to appropriate exceptions and usual termination rights for certain specified material adverse events that may occur prior to the Scheme being implemented.

Terms and conditions of the Scheme

The Scheme is conditional upon a number of matters set out in the SIA, including:

- approval of the Scheme by a majority in number of eligible Sunland shareholders who vote at the Scheme Meeting and by 75% of all votes cast at the Scheme Meeting;
- the Independent Expert issuing an Independent Expert's Report which concludes, and continues to conclude, that the Scheme is in the best interests of Sunland shareholders;
- no material adverse change or prescribed occurrence (each as defined in the SIA) occurring in respect of Sunland;
- no regulatory action;
- Court approval; and
- other customary conditions.

Sun Holdings has advised Sunland that it will fund the Scheme Consideration through the cash reserves of Homecorp. The Scheme is not subject to any financing condition. The SIA contains customary exclusivity obligations on Sunland, including a "no shop", "no talk", and "no due diligence" obligation which contains a customary fiduciary carve-out. Sunland is also bound by other customary provisions including notification and matching right obligations in the event of a competing proposal.

Full details of the terms and conditions of the Scheme are set out in the SIA.

Indicative Timetable*

Event	Timing
Regulatory approval	Early -November 2024
First court date	Mid-November 2024
Despatch Scheme booklet	End November 2024
Permitted Dividend declared (if declared) ¹	10 January 2025
Scheme Meeting	Mid-January 2025
Regulatory and second court approval	Early February 2025
Payment date for Permitted Dividend (if declared)	Late February 2025 (1 business day before the implementation date)
Implementation date and payment date for Scheme Consideration	Late February 2025

*Dates are indicative only, and subject to change without notice.

Advisers

Sunland has engaged Ernst & Young as its taxation advisor, Morgans as its corporate finance advisor and Holding Redlich as its legal advisor.

Homecorp and Sun Holdings GC are being advised by Mills Oakley as their legal advisor.

This announcement has been authorised by the board of Sunland.



Grant Harrison
Company Secretary

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

¹ Subject to the determination of the Sunland Board.