

# BIDDER'S AND TARGET'S STATEMENT

Offer by **Sun Holdings GC Pty Ltd (ACN 677 077 771)**

To acquire all the ordinary shares in  
**Sunland Group Limited**  
(ACN 063 429 532)

## CASH OFFER of \$0.045 per Sunland Share

AS STATED IN THE TARGET'S STATEMENT, THE DIRECTORS OF SUNLAND UNANIMOUSLY RECOMMEND YOU ACCEPT THE OFFER IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO OPINE THAT THE OFFER IS FAIR AND REASONABLE.

The Offer is dated 25 July 2024 and will close at 7:00 pm (Sydney Time) on 2 September 2024, unless extended or withdrawn.



**Legal Adviser to Bidder  
Sun Holdings GC Pty Ltd**



**Legal Adviser to Target  
Sunland Group Limited**

# BIDDER'S STATEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION  
If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser as soon as possible

**Recommended cash Offer by:**  
Sun Holdings GC Pty Ltd (ACN 677 077 771)

to purchase all of your shares in:  
Sunland Group Limited  
(ACN 063 429 532)

**Offer of \$0.045 per Sunland Share**

**The Directors of Sunland UNANIMOUSLY recommend you ACCEPT the Offer in the absence of a Superior Proposal and subject to the independent expert continuing to opine that the offer is fair and reasonable**

The Offer is dated 25 July 2024 and will close at 7:00 pm (Sydney Time) on 2 September 2024, unless extended or withdrawn. This Bidder's Statement was lodged with ASIC on 19 July 2024.

## Key Dates

Event	Date
Announcement of Offer	<b>2 July 2024</b>
Date of this Bidder's Statement	<b>19 July 2024</b>
Date of Offer and date Offer opens	<b>25 July 2024</b>
Date Offer closes (unless extended or withdrawn):	<b>2 September 2024</b>

## Important Information

### Nature of this document

The Offer in this Bidder's Statement is given by Sun Holdings GC Pty Ltd (ACN 677 077 771) (**Sun Holdings**) to Sunland Group Limited (ACN 063 429 532) (**Sunland**) and each holder of Sunland Shares under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your Sunland Shares. This Bidder's Statement was approved by resolution of the Sun Holdings sole director.

This Bidder's Statement is dated 19 July 2024 and includes an Offer dated 25 July 2024 on the terms set out in Appendix 1 to this Bidder's Statement. The Offer extends to Sunland Shares on issue on 19 July 2024 and any Sunland Shares on issue during the Offer Period, including Sunland Shares issued during the period from the Register Date to the end of the Offer Period due to the conversion or exercise of any Rights.

A copy of this Bidder's Statement was lodged with ASIC on 19 July 2024. Neither ASIC nor its officers take responsibility for the content of this Bidder's Statement.

### Defined Terms

Defined terms are capitalised throughout this Bidder's Statement. Definitions of these terms are set out in the Glossary in section 10 of this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise, or words are defined in section 10, words and phrases in this Bidder's Statement have the same meaning and interpretation as the Corporations Act.

### Investment decisions

This is an important document. You should read this Bidder's Statement in its entirety before deciding whether to accept the Offer. This

Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of individual Sunland Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you should consider seeking independent financial, tax or other professional advice.

### Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. These statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe Sun Holdings' future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. Sunland Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which Sun Holdings and Sunland operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to Sun Holdings, or persons acting on behalf of Sun Holdings, are expressly qualified in their entirety by the cautionary statements in this section. Except as expressly required by the Corporations Act, Sun Holdings makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Sun Holdings, Sun Holdings Directors, any person named in this Bidder's Statement or any other person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

### Disclaimer as to Sunland information

The information on Sunland, Sunland Shares and the Sunland Group's business contained in this Bidder's Statement has been prepared by Sun

Holdings using publicly available information and information provided by Sunland management and should not be considered comprehensive.

Information in this Bidder's Statement concerning Sunland, Sunland Shares and the Sunland Group has not been independently verified by Sun Holdings. Accordingly, none of Sun Holdings, the Sun Holdings Director, nor any member of the Sun Holdings Group or their respective officers, employees, agents or advisors, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. Sunland Shareholders should form their own views concerning Sunland from publicly available information.

Further information relating to Sunland's business may be included in Sunland's Target's Statement, enclosed.

#### **Distribution outside Australia**

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

#### **Important notice to US Sunland Shareholders**

This Bidder's Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States (**US**). This Bidder's Statement may not be forwarded, distributed or reproduced in whole or in part in any jurisdiction where it would be unlawful, including the US.

The Offer is made for the shares of an Australian registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are materially different from those in the US. US shareholders should be aware that, subject to the Corporations Act, Sun Holdings may purchase Sunland Shares otherwise than under the Offer, such as in open market during or after the Offer Period or privately negotiated purchases after the end of the Offer Period.

#### **Notice to all foreign Sunland Shareholders**

This Bidder's Statement and the Offer are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. The Bidder's Statement and Offer do not in any way constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may, in some countries, be restricted by laws or regulation. Accordingly, persons who come into possession of this Bidder's Statement should

inform themselves of, and observe, those restrictions.

#### **Privacy**

Sun Holdings has collected your information from the register of Sunland Shareholders for the purposes of the Offer. The Corporations Act permits that information to be made available to certain persons, including Sun Holdings. Your information may also be disclosed on a confidential basis to Sun Holdings' Related Bodies Corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

#### **Updated Information**

Information contained in this Bidder's Statement is subject to change from time to time. Please refer to any announcements of Sunland available on its website at [www.sunlandgroup.com.au](http://www.sunlandgroup.com.au) regarding the Offer.

#### **Enquiries**

If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your professional adviser.

## How to accept the Offer

The Offer may only be accepted for all of your Sunland Shares. You may accept the Offer during the Offer Period in the manner specified below.

To accept the Offer you may accept the Offer online, by email or by using a physical Acceptance Form.

Online acceptance: To accept the Offer online, you must log in to <https://events.miracle.com/sunland-offer>, follow the instructions, select the "Accept" option and submit your acceptance of the Offer before the Offer closes.

Email: To accept the Offer via email, you must sign the Acceptance Form and send a copy to [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au).

Acceptance Form: To accept the Offer using a physical Acceptance Form you must complete, sign and return the Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on your Acceptance Form) to the address indicated on the form (and

set out below) so that your acceptance is received before the end of the Offer Period.

Sunland Shareholders in Australia may request a reply-paid envelope to be provided to you for the purpose of posting your physical Acceptance Form. The postal and delivery addresses for your completed Acceptance Form are as follows:

By mail:  
Sun Holdings Sunland Offer  
C / - Link Market Services  
Locked bag A14  
Sydney South NSW 1235

The transmission of your Acceptance Form and other documents and the use of <https://events.miracle.com/sunland-offer> to accept the Offer is at your own risk.

The Acceptance Form is part of this Offer. The requirements on the Acceptance Form must be observed in accepting this Offer for your Sunland Shares.

For full details see clause 4 of the Offer Terms in Appendix 1.

## Directory

### Bidder

Sun Holdings GC Pty Ltd  
Level 6, 239 George Street  
Brisbane QLD 4000

T: (07) 5538 6889  
E: [info@hcorp.com.au](mailto:info@hcorp.com.au)  
W: <https://homecorp.com/>

### Offer Registry

Link Market Services  
Locked bag A14  
Sydney South NSW 1235

E: [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au)  
W: <https://www.linkmarketservices.com.au/>  
Offer Information Line: 1800 642 133 (from within Australia) and +61 1800 642 133 (from outside Australia)

### Sun Holdings Director

Ron Bakir

### Australian Legal Advisor

Mills Oakley  
Level 7, 151 Clarence Street  
Sydney NSW 2000

T: (02) 8289 5800  
W: <https://www.millsOakley.com.au>

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## Chairman's Letter

Dear Sunland Shareholders

### All cash off-market takeover bid for Sunland

On behalf of Sun Holdings I am pleased to present to you an Offer from Sun Holdings to acquire all of your shares in Sunland for a price of \$0.045 cash per Sunland Share.

As the Offer is wholly cash, accepting the Offer provides you with a simple, attractive and superior cash exit for your investment in Sunland.

Sunland was removed from the ASX Official List on 30 October 2023, and Sunland Shareholders are therefore only able to transact in Sunland Shares by private transaction. No liquid market exists for Sunland Shares. The Offer provides an attractive alternative to Sunland Shareholders to receive cash up front, rather than under any staged return of capital.

We urge you to read this Bidder's Statement carefully and accept the Offer as soon as possible.

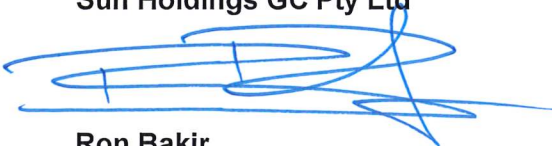
This is an important document which you should retain throughout the Offer Period.

The Offer is open for your acceptance until 7:00pm (Sydney time) on 2 September 2024, unless extended in accordance with the Corporations Act.

The information in this letter should be read together with the detailed information set out in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer. If you have any doubts as to how to deal with this Bidder's Statement you should consult with your stockbroker, legal or financial adviser as soon as possible. If you have any questions about the Offer, please contact the offer enquiry line on 1800 642 133 (from within Australia) and +61 1800 642 133 (from outside Australia) or your stockbroker, legal or financial adviser.

Yours sincerely

**Sun Holdings GC Pty Ltd**



**Ron Bakir**

**Director**

## Key questions

You may have questions in relation to the Offer. The following set of questions and answers is intended to assist in your understanding of the Offer. They are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer. You should also have reference to the enclosed Target's Statement which Sunland is sending to Sunland Shareholders as required under the Corporations Act.

No.	Question	Answer	Further information
1	<b>What is the Bidder's Statement?</b>	This Bidder's Statement sets out the terms of Sun Holdings' Offer and information relating to the Offer and the consideration you will receive if you accept the Offer.	
2	<b>What is the Offer?</b>	<p>Sun Holdings is offering to buy <b>ALL</b> of your Sunland Shares by way of an off-market takeover bid.</p> <p>The Offer Consideration is \$0.045 per Sunland Share you own. The Offer Consideration is subject to the payment of any Permitted Dividend by Sunland, which will reduce the consideration payable. For the avoidance of doubt, the Declared Dividend of \$0.005 per Sunland Share is in addition to the Offer Consideration, and will be paid to Sunland Shareholders (on the record date for that dividend) whether or not the Offer is accepted. Those Sunland Shareholders who also accept the Offer will effectively receive a total of 5 cents (\$0.05) per Sunland Share if the Offer becomes unconditional – being the Offer Consideration plus the Declared Dividend.</p> <p>The Offer relates to all Sunland Shares that exist or will exist at 7:00pm (Sydney time) on the Register Date and any Sunland Shares on issue during the Offer Period, including Sunland Shares issued during the period from the Register Date to the end of the Offer Period due to the conversion or exercise of any Rights.</p> <p>If you accept the Offer you will, subject to satisfaction of the Conditions to the Offer, be paid the Offer Consideration for each Sunland Share that you own.</p>	<i>Appendix 1 contains the full terms of the Offer.</i>
3	<b>When does the Offer close?</b>	The Offer is currently scheduled to close at 7:00pm (Sydney Time) on 2 September 2024, unless extended or withdrawn in accordance with the Corporations Act.	<i>See clause 3 of Appendix 1.</i>
4	<b>Can Sun Holdings extend the time at which the Offer is to close?</b>	Yes, the Offer Period can be extended at Sun Holdings' election or otherwise in accordance with the Corporations Act. Sun Holdings will give written notice of any extension of the Offer Period in accordance with the Corporations Act.	<i>See clause 3 of Appendix 1.</i>



No.	Question	Answer	Further information
5	<b>What are the Conditions to the Offer?</b>	<p>The Bid Implementation Agreement between Sunland and Homecorp (an Associate of Sun Holdings) contains certain terms that are customary for a transaction of this nature. These terms include deal protection mechanisms including "exclusivity", "no shop", "no talk" and "no due diligence" restrictions (subject to customary fiduciary duty carve-outs) as well as notification and matching rights in the event of a Competing Proposal.</p> <p>In accordance with the terms of the Bid Implementation Agreement, the Conditions are (in summary):</p> <ul style="list-style-type: none"> <li>(a) Minimum acceptance;</li> <li>(b) No regulatory action;</li> <li>(c) No prescribed occurrences;</li> <li>(d) No material transactions;</li> <li>(e) No material adverse change;</li> <li>(f) No change to conduct of Sunland's business;</li> <li>(g) No alternative Superior Proposal; and</li> <li>(h) No material litigation.</li> </ul> <p>If the Conditions are not satisfied or waived by the Offer closing date, the Offer will lapse and your acceptance will be void.</p>	See clause 6 of Appendix 1.
6	<b>Who is Sun Holdings?</b>	Sun Holdings is a proprietary company limited by shares incorporated in Queensland and is wholly owned by Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402). Sun Holdings was established as a special purpose vehicle for the purpose of acquiring the Sunland Shares under the Offer.	Section 3 of the Bidder's Statement contains further information regarding Sun Holdings.
7	<b>Who is Homecorp?</b>	<p>Since its inception in 2004, Homecorp has expanded from prestigious home construction to becoming one of Australia's most respected developer builders.</p> <p>Homecorp's projects span key urban and regional development locations within Western Australia, Victoria, South Australia, New South Wales and Queensland with over \$2 billion in sales.</p> <p>Homecorp also partners with Prime Life Technologies, a company owned by Toyota and Panasonic, to introduce sustainable designs, new products and features to Australian homes.</p> <p>Homecorp has agreed with Sun Holdings that it will fund the Offer Consideration.</p>	Section 3 of the Bidder's Statement contains further information regarding Sun Holdings and Homecorp.

No.	Question	Answer	Further information
8	<b>What happens if I accept the Offer?</b>	<p>Once you accept the Offer in respect of all of your Sunland Shares, you will not be able to sell those Sunland Shares or otherwise deal with the Rights attaching to those Sunland Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p> <p>If you accept the Offer and the Conditions to the Offer are satisfied, the Offer Consideration will be paid within the specified timeframe.</p> <p>Your acceptance of the Offer will not affect the payment of the Declared Dividend, which is in addition to the Offer Consideration.</p>	
9	<b>If I accept the Offer, when will I receive my Offer Consideration?</b>	<p>If you accept this Offer, Sun Holdings will, in the usual course, pay the Offer Consideration to which you are entitled on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the Offer is accepted or one month after the date the Conditions have been freed or fulfilled (whichever is later); and</li> <li>• 21 days after the end of the Offer Period.</li> </ul>	<i>See clause 5.2 of the Offer Terms set out in Appendix 1.</i>
10	<b>How will Sun Holdings fund the Offer Consideration?</b>	Homecorp is making available to Sun Holdings all funding required to pay the Offer Consideration.	<i>See section 6 of this Bidder's Statement for further details.</i>
11	<b>Can I withdraw my acceptance?</b>	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, by the end of the Offer Period, the Conditions have not been fulfilled or waived, in which case the Offer will automatically terminate and your Sunland Shares will be returned to you, or after you accept the Offer, Sun Holdings varies the Offer in a way that postpones for more than one month from the time when Sun Holdings has to meet its obligations under the Offer.	<i>See clause 4.9 of the Offer Terms in Appendix 1.</i>
12	<b>What happens if I accept the Offer and then Sun Holdings increases the Offer Consideration?</b>	<p>Sun Holdings does not have any current intention to increase the Offer Consideration (although it reserves the right to do so).</p> <p>If Sun Holdings improves the Offer Consideration, all Sunland Shareholders who accept the Offer (whether they have accepted the Offer or received Offer Consideration before or after improvement of the Offer Consideration) will be entitled to receive the benefit of the improved Offer Consideration.</p>	
13	<b>What choices do I have as a Sunland Shareholder?</b>	As a Sunland Shareholder, you have the following choices in respect of your Sunland Shares:	

No.	Question	Answer	Further information
		<ul style="list-style-type: none"> <li>• accept the Offer;</li> <li>• sell some or all of your Sunland Shares (unless you have already accepted the Offer for your Sunland Shares); or</li> <li>• do nothing.</li> </ul>	
14	<b>If I decide to accept the Offer how do I do so?</b>	To accept the Offer, you should follow the instructions set out in clause 4 of Appendix 1 and on your Acceptance Form.	<i>See your Acceptance Form and clause 4 of Appendix 1.</i>
15	<b>Can I accept the Offer for part of my holding?</b>	No, you can only accept for your entire holding. Your acceptance will be treated as being for all your Sunland Shares plus any additional Sunland Shares registered as held by you at the date your acceptance is processed.	
16	<b>Can I sell my Sunland Shares?</b>	Yes, you can sell some or all of your Sunland Shares, but you may incur brokerage or other costs from implementing that private treaty sale if you do. The cash proceeds from a sale may be more or less than the value of the consideration under the Offer.	
17	<b>What are the consequences of accepting the Offer now?</b>	<p>As the Offer is conditional, the Offer will only succeed if all Conditions are met or waived.</p> <p>Once you accept the Offer you will not be able to sell your Sunland Shares, accept any other offer or otherwise deal with your Sunland Shares even if a Superior Proposal is subsequently made by a third party. You will also no longer be entitled to any Rights declared, paid, made, accrued or which may arise in the future.</p>	<i>See Offer Terms set out in Appendix 1.</i>
18	<b>Will I need to pay stamp duty?</b>	There should be no stamp duty payable in connection with your acceptance of the Offer. Should any stamp duty be payable on the transfer of Sunland Shares to Sun Holdings under the Offer due to a change in the relevant legislation during the Offer Period, these costs will be paid by Sun Holdings.	
19	<b>What happens if I do not accept the Offer?</b>	<p>Subject to the explanation below, you will remain the holder of your Sunland Shares and will not receive the Offer Consideration if you do not accept the Offer.</p> <p>If Sun Holdings obtains a Relevant Interest in at least 90% of the Sunland Shares (by number) on issue at any time during the Offer Period, Sun Holdings presently intends to proceed to compulsorily acquire your Sunland Shares if you have not accepted the Offer. At the conclusion of the compulsory acquisition process, you will receive Offer Consideration of \$0.045 per Sunland Share you own. The Offer Consideration</p>	<p><i>See section 5.2 of this Bidder's Statement regarding Sun Holdings' intentions if it acquires a 50.1% Relevant Interest, but less than 90% of Sunland's Shares.</i></p> <p><i>Section 5.3 of the Bidder's Statement provides more information regarding</i></p>

No.	Question	Answer	Further information
		<p>is subject to the payment of any Permitted Dividend by Sunland, which will reduce the consideration payable. For the avoidance of doubt, the Declared Dividend of \$0.005 per Sunland Share is in addition to the Offer Consideration, and will be paid to Sunland Shareholders (on the record date for that dividend) whether or not the Offer is accepted. You will receive consideration for your Sunland Shares sooner if you accept the Offer.</p> <p>If Sun Holdings does not compulsorily acquire your Sunland Shares under the Corporations Act, unless you sell your Sunland Shares, you will remain a shareholder in Sunland.</p> <p>If Sun Holdings obtains a Relevant Interest in less than 90% of Sunland Shares, Sun Holdings will not be able to proceed to compulsorily acquire your Sunland Shares. Sun Holdings' intentions if it has a Relevant Interest in less than 90% of Sunland Shares are described in section 5.2 of this Bidder's Statement.</p>	<p><i>Sun Holdings' intentions if it acquires a Relevant Interest in at least 90% of Sunland's Shares.</i></p>
20	<p><b>What are the taxation implications of accepting the Offer?</b></p>	<p>Section 7 of this Bidder's Statement contains an overview of the Australian taxation treatment for certain Australian resident Sunland Shareholders accepting this Offer.</p> <p>You should consult your taxation adviser for detailed taxation advice before deciding whether or not to accept the Offer for your Sunland Shares.</p> <p>Non-Australian tax consequences for Sunland Shareholders are not included in this Bidder's Statement. Non-resident Sunland Shareholders are urged to seek their own advice as to their tax consequences of accepting the Offer.</p>	<p><i>See section 7 of this Bidder's Statement.</i></p>

## 1 Why you should accept the Offer

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- **The Sunland Board unanimously recommends that you should accept the Offer, in the absence of a Superior Proposal and subject to the independent expert continuing to opine that the offer is fair and reasonable**

The Sunland Board unanimously recommends that, in the absence of a Superior Proposal and subject to the independent expert continuing to opine that the offer is fair and reasonable, you accept the Offer.

- **The Offer Consideration represents an attractive cash price for your Sunland Shares**

The Offer Consideration of \$0.045 per Sunland Share represents an attractive means by which Sunland Shareholders can realise the value of Sunland Shares in cash earlier than under any staged series of capital returns. If Sunland declares, announces and pays a Permitted Dividend at any time before or during the Offer Period, the amount of any dividend paid will reduce the consideration payable under the Offer. For the avoidance of doubt, the Declared Dividend of \$0.005 per Sunland Share is in addition to the Offer Consideration, and will be paid to Sunland Shareholders (on the record date for that dividend) whether or not the Offer is accepted. Those Sunland Shareholders who also accept the Offer will effectively receive a total of 5 cents (\$0.05) per Sunland Share if the Offer becomes unconditional – being the Offer Consideration plus the Declared Dividend.

- **Since the announcement of the Offer, no Competing Proposal has emerged**

As far as Sun Holdings is aware, since the announcement of the execution of the Bid Implementation Agreement on 2 July 2024 and up to the date of this Bidder's Statement, no substantiated Competing Proposal has emerged, and Sun Holdings considers that the likelihood of Sunland receiving a substantiated Competing Proposal is low.

- **The Sunland Directors have unanimously recommended that Sunland Shareholders accept the Offer in the absence of a Superior Proposal and subject to the independent expert continuing to opine that the offer is fair and reasonable.**

Homecorp and Sunland have entered into a Bid Implementation Agreement containing customary deal protections, including no-shop, no-talk, matching and notification rights (subject to fiduciary carve outs).

- **There is no active market for Sunland Shares**

Sunland was removed from the ASX Official List on 30 October 2023, and Sunland Shareholders are only able to transact in Sunland Shares by private transaction. No liquid market exists for Sunland Shares.

## 2 Overview of the Offer

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The following is a summary only of the Offer and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your Sunland Shares.

The terms of the Offer are contained in Appendix 1.

### 2.1 Summary of the Offer Terms

#### The Offer

Sun Holdings is offering to acquire all of your Sunland Shares. See section 3 for information relating to Sun Holdings.

You are being offered \$0.045 per Sunland Share that you hold.

The Offer relates to Sunland Shares that exist or will exist as at the Register Date.

#### Offer Period

The Offer will open on 25 July 2024, and will remain open until 7:00pm (Sydney time) on 2 September 2024, unless extended by Sun Holdings or under any automatic extension in accordance with the Corporations Act.

#### Offer Conditions

The Offer and the contract that results from acceptance of this Offer are subject to the following Conditions:

- (a) **Minimum acceptance:** by the end of the Offer Period, Sun Holdings has a Relevant Interest in at least 90% (by number) of Sunland Shares;
- (b) **No regulatory action:** between the Announcement Date and the end of the Offer Period (each inclusive):
  - (i) no preliminary or final decision, order or decree is made or issued;
  - (ii) no action, proceeding or investigation is announced, commenced or threatened; and
  - (iii) no application is made (other than by Sun Holdings or its Associates), by or to any regulatory organisation or Governmental Agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the Sunland Shares by Sun Holdings, the rights of Sun Holdings in respect of Sunland and the Sunland Shares or the continued operation of the business of Sunland or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act), unless such matters have been Fairly Disclosed to Sun Holdings prior to the Announcement Date;
- (c) **No prescribed occurrences:** between the Announcement Date and the commencement of the Offer Period (each inclusive), and during the Offer Period, none of the events listed in subsections 652C(1) or (2) of the Corporations Act occur;
- (d) **No material transactions:** Except for any proposed transaction reasonably full details of which are publicly announced by Sunland before the Announcement Date, none of the following events occurs between the Announcement Date and the end of the Offer Period (each inclusive) without the written consent of Sun Holdings:

- (i) Sunland or any of its subsidiaries acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$100,000 or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such an acquisition or acquisitions;
  - (ii) Sunland or any of its subsidiaries disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$100,000 or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such a disposal;
  - (iii) Sunland or any of its subsidiaries enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership or dual listed company structure involving a commitment of greater than \$100,000 in any single transaction or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such a commitment; or
  - (iv) Sunland or any of its subsidiaries incurs or commits to, or grants to another person a right the exercise of which would involve Sunland or any of its subsidiaries incurring or committing to any capital expenditure or liability (excluding any operating and strategy costs) for one or more related items of greater than \$100,000, or makes an announcement about such a commitment;
- (e) **No material adverse change:** Between the Announcement Date and the end of the Offer Period (each inclusive), there is no occurrence of any change which has or could reasonably be expected to have a material adverse effect on the assets, liabilities, financial position, performance or profitability of Sunland and/or its subsidiaries of at least \$500,000, other than:
- (i) any matter, event or circumstance that is Fairly Disclosed, or actually known by Sun Holdings on or before the date of the Bid Implementation Agreement (including as a result of documents lodged with ASIC);
  - (ii) any matter, event or circumstance arising from changes in law or economic, regulatory, political or business conditions in Australia or that affects or otherwise has an impact on Australia;
  - (iii) any change in accounting policy required by law;
  - (iv) any change resulting directly from a general deterioration in equity markets, interest rates, exchange rates or credit spreads or a disruption to financial markets of Australia;
  - (v) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Offer or the transactions contemplated by them; or
  - (vi) any change occurring with the written consent of Sun Holdings;
- (f) **Conduct of business:** Between the Announcement Date and the end of the Offer Period (each inclusive), none of Sunland and any body corporate which is or becomes a subsidiary of Sunland, without the written consent of Sun Holdings:
- (i) adopts a new constitution or makes any change to its constitution or passes any special resolution or proposes to do so;

- (ii) gives or agrees to give any encumbrance (including a security interest or mortgage) over any of its assets otherwise than in the ordinary course of business; or
  - (iii) changes its board composition, including appointing additional directors, whether to fill a casual vacancy or otherwise, unless such appointment is required to comply with Sunland's constitution or the Corporations Act;
- (g) **No superior alternative proposal:** Between the Announcement Date and the end of the Offer Period (each inclusive), no alternative proposal to the Offer is announced that:
- (i) is recommended by any Sunland Director; or
  - (ii) offers consideration that is higher than the consideration offered under the bid valued, as far as practicable, in accordance with the principles applying under section 621(3) of the Corporations Act and ASIC Regulatory Guide 9: *Takeover bids*; and
- (h) **No material litigation:** Between the Announcement Date and the end of the Offer Period (each inclusive):
- (i) none of Sunland and its subsidiaries has threatened or commenced against it any material claims or proceedings in any court or tribunal (and a claim or proceeding is taken to be material if it may reasonably result in a judgment of \$100,000 or more), other than that which has been provisioned for by Sunland in the disclosure materials provided to Homecorp or Sun Holdings (**Disclosure Materials**), or has otherwise been Fairly Disclosed in the Disclosure Materials;
  - (ii) neither the consideration under the Offer is required to be increased nor Sun Holdings or one of its Associates is required, or is reasonably likely to be required, to pay any amount to any one or more Sunland Shareholders in connection with the Offer as a result of:
    - (A) any litigation that is commenced, is threatened to be commenced, announced or is made known to Sunland (whether or not becoming public); or
    - (B) any preliminary or final decision or order of any regulator or other Governmental Agency, other than as a result of Sun Holdings publicly undertaking to increase the consideration under the Offer or lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer; or
  - (iii) no aggregate liability of Sunland and its subsidiaries under or in connection with any existing claim or proceeding in any court or tribunal is or is likely to be materially more than the provision made for the claim or proceeding in Sunland's last management accounts or otherwise in Sunland's Disclosure Materials; or if no provision has been made, is or is likely to be more than \$100,000,

unless the doing of that thing was specifically publicly disclosed before the Announcement Date or otherwise Fairly Disclosed in the Disclosure Materials.

### Settlement terms

If you accept the Offer, Sun Holdings will, in the usual course, pay the Offer Consideration to which you are entitled on or before the earlier of:



- one month after the Offer is accepted or one month after the date the Conditions have been freed or fulfilled (whichever is later); and
- 21 days after the end of the Offer Period.

## **2.2 How to accept the offer**

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period.

To accept the Offer you should follow the instructions set out in clause 4 of the Offer Terms in Appendix 1 and the Acceptance Form.

## **2.3 No stamp duty**

The sale of Sunland Shares should not give rise to any stamp duty liability for existing Sunland Shareholders. You will not pay any stamp duty by accepting the Offer.

## **2.4 No brokerage**

If your Sunland Shares are registered in Sunland's register in your name and you deliver them directly to Sun Holdings in accordance with clause 4.2 of Appendix 1, you will not incur any brokerage in connection with your acceptance of the Offer.

## **2.5 What do to next**

You should read this Bidder's Statement in its entirety before deciding whether or not you will accept the Offer for your Sunland Shares.

If you wish to accept the Offer, you should follow the instructions set out in clause 4 of the Offer Terms at Appendix 1 and the Acceptance Form.

## **2.6 Further information**

For questions about your Sunland Shares, the Offer, or how to accept the Offer please refer to the remainder of this Bidder's Statement. If you have any questions, please call 1800 642 133 (from within Australia) and +61 1800 642 133 (from outside Australia).

### **3 Information on Sun Holdings**

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#### **3.1 Corporate**

Sun Holdings is a special purpose vehicle wholly owned by Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402), incorporated to act as the bidder under the Offer.

Since its inception in 2004, Homecorp has expanded from prestigious home construction to becoming one of Australia's most respected developer builders.

Homecorp's projects span key urban and regional development locations within Western Australia, Victoria, South Australia, New South Wales and Queensland with over \$2 billion in sales.

Homecorp also partners with Prime Life Technologies, a company owned by Toyota and Panasonic, to introduce sustainable designs, new products and features to Australian homes.

In 2014 Homecorp Constructions was launched, expanding Homecorp's capacity to provide a diverse range of designs and services within the construction industry and to deliver innovative and cost-effective construction solutions for their clients' projects.

Further information in relation to Homecorp is available on its website <https://homecorp.com/>.

#### **3.2 Sun Holdings Directors**

Ron Bakir is the sole director of Sun Holdings.

## 4 Information on the Sunland Group

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### 4.1 Disclaimer

The information on the Sunland Group in this section 4 and elsewhere in this Bidder's Statement has been prepared by Sun Holdings using publicly available information and information provided by Sunland management.

The information in this Bidder's Statement concerning Sunland has not been independently verified. Sun Holdings and the Sun Holdings Director do not, subject to applicable law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Sunland is not considered comprehensive. For more details regarding Sunland, you should refer to Sunland's Target's Statement, enclosed.

### 4.2 Overview of the Sunland Group and its principal activities

Sunland is an unlisted public company (de-listed from ASX on 30 October 2023), headquartered in Brisbane, Queensland and registered since 1 March 1994.

The principal activities of the Sunland Group were residential property development and construction. In October 2020, Sunland announced its Strategy that all development activities be completed and non-development inventory be sold. Sunland is focused on the fulfilment of its obligations associated with project maintenance and defect rectification as required by law, until such time as the unexpired defect liability periods lapse and obligations are fulfilled.

### 4.3 Sunland Directors

The Sunland Board comprises the following directors:

Name	Position
Ronald John Eames	Non-executive director
Christopher Robin Freeman	Chairman and non-executive director
Grant Harrison	Executive director

### 4.4 Sunland's issued securities

As at the date of this Bidder's Statement, Sunland has 136,909,515 Sunland Shares on issue.

### 4.5 Dividends

Sunland paid dividends on:

- 27 July 2023 of \$0.20 per Sunland Share;
- 20 September 2023 of \$0.11 per Sunland Share; and
- 25 June 2024 of \$0.04 per Sunland Share.

Sunland declared on 2 July 2024 a dividend of \$0.005 per Sunland Share to be paid on 26 July 2024.

### 4.6 Overview of Sunland's historical financial performance

Sunland's last published financial statements were for the financial year ended 30 June 2023, as lodged with Sunland's annual report to ASX on 30 August 2023 and available via its website.

#### **4.7 Post balance date activities**

The Sunland Directors have been focused on managing capital requirements to satisfy the Sunland Group's remaining obligations, including the maintenance of completed projects, ongoing defect rectification in accordance with legislation, contingent liabilities that may crystallise and costs that may be incurred in ultimately finalising Sunland's Strategy. The last defects liability period is scheduled to expire in December 2029.

#### **4.8 Details of Relevant Interest in Sunland Shares**

As at the date of this Bidder's Statement, Sun Holdings has no Relevant Interest in Sunland Shares.

#### **4.9 Details of Voting Power in Sunland**

As at the date of this Bidder's Statement, Sun Holdings has no Voting Power in Sunland.

#### **4.10 Consideration provided for Sunland Shares during previous four months**

Neither Sun Holdings nor its Associates have acquired or disposed of Sunland Shares during the period of four months before the date of this Bidder's Statement.

#### **4.11 No inducing benefits given during previous four months**

During the period of four months before the date of this Bidder's Statement, neither Sun Holdings nor any of its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Sunland Shares,

that is not offered to all holders of Sunland Shares under the Offer.

#### **4.12 Publicly available information about Sunland**

Sunland is an unlisted disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations.

Sunland discloses material on its website in accordance with the good practice guidance in ASIC Regulatory Guide 198. As such a substantial amount of information about Sunland, including its historical ASX filings are available in electronic form from its website [www.sunlandgroup.com.au](http://www.sunlandgroup.com.au), or at [www.asx.com.au](http://www.asx.com.au) via historical announcements.

The most recent audited financial statements of Sunland for the financial year ended 30 June 2023 were lodged with the ASX on 30 August 2023.

Shareholders should refer to the enclosed Target's Statement issued by Sunland for further information about Sunland.

## **5 Sun Holdings' intentions**

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### **5.1 Introduction**

This section sets out Sun Holdings' intentions in relation to the following:

- the continuation of the business of Sunland;
- any major changes to be made to the business of Sunland; and
- the future employment of the present employees of Sunland.

Sun Holdings' intentions are based on the information known, and the circumstances that exist, at the date of this Bidder's Statement.

Sun Holdings has reviewed information in the public domain concerning Sunland, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of Sunland's operations, Sun Holdings' intentions in relation to Sunland are summarised below. Statements set out in this section 5 are statements of current intentions only, which may vary as new information becomes available or circumstances change.

### **5.2 Sun Holdings' intentions upon controlling more than 50.1% but less than 90% of Sunland Shares**

This section describes Sun Holdings' intentions if it were to acquire a Relevant Interest in at least 50.1% but less than 90% of Sunland Shares on issue and waive the minimum acceptance condition detailed in clause 6.1 of Appendix 1:

- (a) Sun Holdings' intentions are to continue Sunland's announced Strategy while bringing Sunland's industry recognised brand into the Homecorp group's family of brands. Sun Holdings intends to operate Sunland in materially the same manner as it is being presently operated, supported by Sunland's existing brand and assets being hosted within the overall brand and assets currently held by the Homecorp group's existing operations and infrastructure.
- (b) Sun Holdings intends to ultimately conduct a review of Sunland's operations on a strategic and financial level to evaluate Sunland's performance, profitability and operations for an optimal strategy for Sunland going forward. However, Sun Holdings has not yet had access to any information held by Sunland that would require changes to the Strategy as at the date of this Bidder's Statement.
- (c) If Sun Holdings has 75% or more of all the Sunland Shares on issue it will be able to pass a special resolution of Sunland. This would enable Sun Holdings, among other things, to change Sunland's constitution.
- (d) Under the Bid Implementation Agreement, as soon as Sun Holdings:
  - (i) has a Relevant Interest in at least 50.1% of Sunland Shares; and
  - (ii) declares the Offer unconditional,it has the right to appoint its nominees to the Sunland Board and Sunland must procure the resignation of the current Sunland Directors.
- (e) If the Offer becomes or is declared unconditional, all Sunland employees will be given notice of their roles' redundancy. Sun Holdings will, and will procure that its directors appointed to the Sunland Board will, procure that any redundancy payments are paid in line with the representations and commitments made by Sunland to its employees no later than two weeks after the Offer becomes unconditional or is declared unconditional by Sun Holdings.

### **5.3 Further intentions upon acquiring 90% or more of Sunland Shares**

In addition to the intentions described in section 5.2 above, this section 5.3 sets out Sun Holdings' further intentions if it were to acquire a Relevant Interest in 90% or more of the Sunland Shares.

If it becomes entitled to do so under the Corporations Act, Sun Holdings may compulsorily acquire any outstanding Sunland Shares.

It is possible that even if Sun Holdings is not entitled to or required to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act; for example, as a result of acquisitions of Sunland Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, Sun Holdings may exercise those rights.

### **5.4 Limitations on intentions**

The intentions and statements of future conduct set out in this section 5 must be read as being subject to:

- the law, including in particular the requirements of the Corporations Act in relation to conflicts of interest and "related party" transactions given that, if Sun Holdings gains control of Sunland but does not acquire all of the Sunland Shares, it will be treated as a related party of Sunland for these purposes; and
- the legal obligations of the Sunland Directors at the time, including any nominees of Sun Holdings, to act in good faith and in the best interests of Sunland and for proper purposes and to have regard to the interests of all Sunland Shareholders (in which regard the role of independent directors of Sunland will also be important).

## **6 Funding**

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### **6.1 Consideration under the Offer**

The consideration for the acquisition of Sunland Shares under the Offer is to be satisfied by the Offer Consideration.

The Offer Consideration for the acquisition of Sunland Shares will be satisfied in cash (in Australian dollars).

### **6.2 Offer Consideration**

Based on the number of Sunland Shares on issue as at the date of this Bidder's Statement, the maximum amount of cash that would be payable by Sun Holdings under the Offer if acceptances were received for all Sunland Shares in return for the Offer Consideration is approximately \$6,160,928.

### **6.3 Source of Offer Consideration**

The funds required by Sun Holdings to pay the Offer Consideration will be made available to Sun Holdings by Homecorp.

Homecorp has entered into a binding commitment with Sun Holdings, obliging it to provide up to the full Offer Consideration to Sun Holdings as and when required by Sun Holdings.

Homecorp will source the Offer Consideration from its cash reserves.

### **6.4 Provision of Offer Consideration**

On the basis of the arrangement described in this section 6, Sun Holdings is of the opinion that it has a reasonable basis for holding the view, and holds the view, that Sun Holdings will be able to provide 100% of the Offer Consideration offered under the Offer as and when it falls due for payment and will be able to satisfy its obligations under the Offer and will also meet the costs associated with the Offer.

## **7 Australian taxation considerations**

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### **7.1 Introduction**

The following is an outline of the principal Australian income tax and capital gains tax (**CGT**) consequences generally applicable to Sunland Shareholders who dispose of Sunland Shares under the Offer. All Sunland Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Sunland Shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their Sunland Shares. The information in this section 7 is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Sunland Shareholder.

In particular, this summary is only applicable to Sunland Shareholders that are Australian residents for income tax purposes and hold their Sunland Shares on capital account for investment purposes and only considers the Australian tax position.

This summary does not apply to Sunland Shareholders:

- (a) who hold their Sunland Shares for the purpose of speculation or a business of dealing in securities (e.g. as trading stock or as revenue assets);
- (b) who acquired their Sunland Shares under an employee share scheme operated by Sunland;
- (c) who are subject to taxation of financial arrangement rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains or losses on their Sunland Shares;
- (d) that may be subject to special tax rules, such as financial institutions, insurance companies, partnerships (except where expressly stated), tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents;
- (e) that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds or dealers in securities;
- (f) who do not hold the Sunland Shares on capital account;
- (g) who are exempt from Australian tax; or
- (h) who hold the Sunland Shares on behalf of another person.

Sunland Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or are temporary residents of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law.

### **7.2 Australian resident Sunland Shareholders**

This section 7.2 applies to Sunland Shareholders who are Australian residents for tax purposes or are non-residents of Australia who hold their Sunland Shares through a permanent establishment in Australia.

- (a) **Accepting the Offer**

If you accept the Offer, the disposal of your Sunland Shares will constitute a CGT event for Australian income tax purposes. You will be taken to have disposed of your Sunland Shares for CGT purposes when the contract to sell your Sunland Shares is formed. This should be the date that you accept the Offer.



(b) Compulsory acquisition

If Sun Holdings becomes entitled to compulsorily acquire any outstanding Sunland Shares under the Corporations Act (see section 5.3 above) and your Sunland Shares are compulsorily acquired, you will be taken to have disposed of your Sunland Shares for CGT purposes. The date of disposal will be the date you cease to be the owner of the Sunland Shares.

(c) Not accepting the Offer

There should be no CGT consequences if you do not accept the Offer and your Sunland Shares are not compulsorily acquired as per section 5.3 above.

(d) CGT consequences on the disposal of Sunland Shares

Shareholders make a capital gain on the disposal of their Sunland Shares to the extent that the market value of the Offer Consideration exceeds the tax cost base of the Sunland Shareholders' Sunland Shares (prior to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain).

The capital proceeds received for the disposal of the Sunland Shares should be calculated by reference to the cash consideration that each Sunland Shareholder will receive.

The sum of all capital gains derived by a Sunland Shareholder in the year in which the transaction occurs, reduced by any capital loss incurred during that year, or carried forward from prior years (known as the net capital gain), should be included in the assessable income of the Sunland Shareholder.

Alternatively, a Sunland Shareholder will make a capital loss on the transfer of their shares to Sun Holdings, equal to the amount by which the reduced cost base of their Sunland Shares is more than the capital proceeds they receive under the Offer. A capital loss may be used to offset against a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year (subject to the satisfaction of certain loss recoupment tests which apply if the Sunland Shareholder is a company or trust).

(e) Calculating the capital gain or loss

You will realise a capital gain in connection with the disposal of a Sunland Share to the extent that your capital proceeds are more than the CGT cost base of that Sunland Share. You will realise a capital loss to the extent that the amount you receive (or will receive) is less than the CGT reduced cost base of the Sunland Share.

Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years. As the loss rules are complex, if you are a company or a trustee you should seek your own independent professional advice as to how these rules may apply, having regard to your particular circumstances.

Any net capital gain should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from prior years. The net capital gain may be reduced by the CGT discount (discussed below).

(f) Capital Proceeds

The capital proceeds for a Sunland Share should equal the Offer Consideration.

(g) Cost Base

The cost base for a Sunland Share should generally include the cost of acquisition plus certain incidental costs of acquisition and disposal (e.g. brokerage and stamp duty) to the extent not otherwise deductible.

If a Sunland Shareholder acquired a share before 11:45am on 21 September 1999, it may be possible to index expenditure incurred at or before that time by working out the cost base (but not the reduced cost base). The CGT discount will not be available if a Sunland Shareholder uses a cost base that has been calculated with reference to indexation.

Certain amounts are excluded from, or may reduce, the “reduced cost base” for the purpose of calculating a capital loss.

(h) CGT discount

The CGT discount may apply to reduce a Sunland Shareholder’s net capital gain. A Sunland Shareholder may be eligible to apply the CGT discount to their net capital gain to the extent that, broadly speaking:

- the net capital gain (after first reducing the capital gain by any available capital losses) includes a capital gain from the disposal of a Sunland Share they acquired (for the purpose of the taxation laws) at least 12 months (excluding the date of acquisition and the date of the CGT event) prior to the time of the CGT event;
- they are an individual, the trustee of a trust, or a complying superannuation entity; and
- they have not chosen to index the cost base of their Sunland Shares.

Broadly, individuals and trusts may be entitled to a CGT discount of 50% (i.e. only 50% of their net capital gain may be included in assessable income) while complying superannuation entities may be entitled to a CGT discount of 33.3%. The rules for applying the CGT discount in relation to trusts are complex. Trustees should seek their own advice as to how the discount capital gains provisions apply to them and their beneficiaries, having regard to their own particular circumstances.

If you are unsure about your eligibility for the above CGT concessions, you should consult with your tax adviser.

The CGT discount is not available to a company.

### **7.3 Stamp duty**

The sale of the Sunland Shares should not give rise to any stamp duty liability for existing Sunland Shareholders.

### **7.4 Goods and services tax (GST)**

The sale of Sunland Shares by existing shareholders as contemplated will not attract GST.

Where shareholders are registered or required to be registered for GST, any GST incurred on expenses that relate to the sale of existing shares or acquisition of new shares may not be recoverable if the individual shareholder exceeds the financial acquisitions threshold as set out in the relevant GST legislation. However, a reduced input tax credit equal to 75% of the GST incurred may still be available if the acquisition constitutes a reduced credit acquisition.

Where Sunland Shareholders are not registered, or required to be registered for GST, no GST implications should arise in relation to the Offer.

## **7.5 Obtain your own taxation advice**

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, Sun Holdings does not accept any responsibility for tax implications for individual Sunland Shareholders.

Sun Holdings is not a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific Sunland Shareholders. Sunland Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

## **8 Additional information**

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### **8.1 Bid Implementation Agreement**

Homecorp Property Group Pty Ltd (ACN 162 293 763) (an Associate of Sun Holdings) and Sunland entered into a Bid Implementation Agreement in respect of the Offer on 2 July 2024, the full terms of which are attached to Sunland's announcement of the same date.

### **8.2 Date for determining holders of Sunland Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

### **8.3 No collateral benefits**

Neither Sun Holdings nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- accept the Offer; or
- dispose of Sunland Shares,

which benefit was not offered to all Sunland Shareholders under the Offer.

### **8.4 No escalation agreements**

Neither Sun Holdings nor any Associate of Sun Holdings has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### **8.5 Regulatory approvals**

There are no regulatory approvals that Sun Holdings needs to obtain before acquiring Sunland Shares before or under the Offer.

### **8.6 Consents**

Mills Oakley has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as the Australian legal adviser to the Offer in the form and context in which it is named.

Link Market Services has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as Offer Registry for acceptances of the Offer in the form and context in which it is named.

Each of Homecorp and Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402) have given and before lodgement of this Bidder's Statement have not withdrawn their written consent to be named in the form and context in which they are named.

Sunland has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as the target in relation to the Offer in the form and context in which it is named.

Each of Mills Oakley, Link Market Services, Homecorp, Homecorp Property Group (Aust) Pty Ltd and Sunland:

- (a) has not authorised or caused the issue of this Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this section 8.6; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for,

any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this section 8.6.

**8.7 Costs and expenses**

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer will be paid by Sun Holdings.

**8.8 ASIC instruments**

ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Sun Holdings, in relation to the operation of Chapter 6 of the Corporations Act. Sun Holdings may rely on the relief afforded by the instruments.

## **9 No other material information**

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Except as disclosed in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Sunland Shareholder whether or not to accept the Offer; and
  - (b) known to Sun Holdings,
- and has not previously been disclosed to Sunland Shareholders.

## 10 Glossary

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### 10.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

**\$** or **c** means Australian dollars or cents.

**Acceptance Form** means the form of acceptance and transfer accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of Sun Holdings, including online acceptance or in physical form.

**Announcement Date** means 2 July 2024.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as appropriate.

**Associate** means has the meaning given in the Corporations Act.

**Bid Implementation Agreement** means the agreement signed between Homecorp and Sunland dated 2 July 2024, which sets out the rights and obligations of the parties in respect of the Offer.

**Bidder's Statement** means this document, prepared by Sun Holdings under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

**Business Day** means a day other than a Saturday, Sunday or a public holiday in Sydney, Australia.

**CGT** means the tax arising as a result of a CGT event as defined in the *Income Tax Assessment Act 1997* (Cth).

**Competing Proposal** has the meaning given in the Bid Implementation Agreement.

**Condition or Defeating Condition** means each condition set out in clause 6 of Appendix 1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Declared Dividend** means the dividend of \$0.005 per Sunland Share announced by Sunland on 2 July 2024 to be paid on 26 July 2024 to Sunland Shareholders eligible to it on the record date for that dividend.

**Encumbrances** means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third-party right or interest or any right arising as a consequence of the enforcement of a judgment; or
- (e) any agreement to create any of them or allow them to exist.

**Fairly Disclosed** has the meaning given in the Bid Implementation Agreement.

**Governmental Agency** means any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.

**GST** means goods and services tax.

**Homecorp** means Homecorp Property Group Pty Ltd (ACN 162 293 763).

**Offer** means the takeover offer by Sun Holdings under Chapter 6 of the Corporations Act as set out in Appendix 1 of this Bidder's Statement itself and includes a reference to that offer as varied in accordance with the Corporations Act.

**Offer Consideration** means cash consideration of \$0.045 for each Sunland Share, as set out in clause 2 of Appendix 1.

**Offer Period** means the period for which the Offer remains open, commencing on 25 July 2024 and remaining open until 7:00pm (Sydney time) on 2 September 2024, unless extended by Sun Holdings, or under any automatic extension in accordance with the Corporations Act.

**Offer Registry** or **Link Market Services** means Link Market Services Limited (ACN 083 214 537).

**Offer Terms** means the terms of the Offer set out in Appendix 1 of this Bidder's Statement.

**Permitted Dividend** means any dividend proposed by Sunland in respect of which Sun Holdings has provided its prior written consent (which consent may be withheld by Sun Holdings in its absolute discretion).

**Register Date** means the date set by Sun Holdings pursuant to section 633(3) of the Corporations Act, being 19 July 2024.

**Related Bodies Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given in the Corporations Act.

**Rights** means all accretions, rights or benefits of whatever kind attaching to or arising from Sunland Shares directly or indirectly after the date of this Bidder's Statement, including all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Sunland or any of its subsidiaries.

**Strategy** means Sunland's strategy to return net asset value to shareholders, as announced to the ASX on 20 October 2020 and further updated on 30 September 2022 and 22 June 2023.

**Sun Holdings** means Sun Holdings GC Pty Ltd (ACN 677 077 771).

**Sun Holdings Director** means a director of Sun Holdings.

**Sun Holdings Group** means Sun Holdings and each of its subsidiaries.

**Sunland** means Sunland Group Limited (ACN 063 429 532).

**Sunland Board** means the board of directors of Sunland.

**Sunland Director** means a director of Sunland.

**Sunland Group** means Sunland and each of its subsidiaries.

**Sunland Share** means a fully paid ordinary share in the capital of Sunland.

**Sunland Shareholder** means a registered holder of Sunland Shares.

**Superior Proposal** has the meaning given in the Bid Implementation Agreement.

**Sydney Time** means the time in Sydney, New South Wales, Australia.



**Target's Statement** means the enclosed target's statement issued by Sunland in relation to the Offer and includes any supplementary target's statement.

**Voting Power** has the same meaning given to that term in section 610 of the Corporations Act.

## 10.2 Interpretation

Unless the contrary intention appears, a reference in this Bidder's Statement to:

- (a) **(variations or replacement)** a document includes any amendment, novation, supplement, variation or replacement of it;
- (b) **(sections, clauses, paragraphs, appendices and annexures)** a section, clause, paragraph, appendix or annexure is a reference to a section, clause, paragraph, appendix or annexure to this Bidder's Statement or any appendix to this Bidder's Statement;
- (c) **(defined terms)** if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) **(references generally)** a reference to a thing includes a part of that thing and includes a right;
- (e) **(reference to statutes)** a reference to a statute or statutory provision includes:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - (iii) subordinate legislation made under the statute or statutory provision including an order, regulation, or instrument;
- (f) **(references to assets)** a reference to an asset includes all property or title of any nature including a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise;
- (g) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (h) **(singular includes plural)** the singular includes the plural and vice versa;
- (i) **(person)** the word "person" includes an individual, a company, a corporation, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Governmental Agency;
- (j) **(gender)** a reference to a gender includes any gender;
- (k) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (l) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (m) **(dollars)** Australian dollars, dollars, AUD, A\$ or \$ is a reference to the lawful currency of Australia;
- (n) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

- (o) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (p) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (q) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, are not to be read as words of limitation;
- (r) **(time of day)** time is a reference to Sydney Time; and
- (s) **(headings)** headings are for convenience only and do not affect interpretation.

## 11 Approval of Bidder's Statement

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This Bidder's Statement has been approved by a resolution passed by the sole director of Sun Holdings.

Dated: 19 July 2024



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Ron Bakir

Sole Director

# Appendix 1 – Offer Terms

## 1 Offer

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- (a) Sun Holdings offers, to each holder of Sunland Shares at 7:00pm (Sydney Time) on the Register Date, to acquire all of their Sunland Shares together with all the Rights attaching to them on the terms set out in this Appendix 1. This Offer extends to any person who is able during the Offer Period to give good title to Sunland Shares and has not already accepted an Offer for those Sunland Shares.
- (b) This Offer extends to all Sunland Shares that Sun Holdings does not have a Relevant Interest in that:
  - (i) exist at the Register Date; and
  - (ii) are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the Rights attached to, any Securities which confer on the holder the right to have Sunland Shares issued to them.
- (c) By accepting this Offer, you undertake to transfer to Sun Holdings not only the Sunland Shares to which the Offer relates but also all the Rights attached to the Sunland Shares (see clauses 5.4 and 5.5 of Appendix 1).
- (d) This Offer is dated 25 July 2024.

## 2 Consideration

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The Offer Consideration is cash consideration of \$0.045 per Sunland Share. However, if Sunland declares, announces and/or pays a Permitted Dividend before or during the Offer Period, the amount of any dividend paid will reduce the consideration payable under the Offer. For the avoidance of doubt, the Declared Dividend of \$0.005 per Sunland Share is in addition to the Offer Consideration, and will be paid to Sunland Shareholders (on the record date for that dividend) whether or not the Offer is accepted. Those Sunland Shareholders who also accept the Offer will effectively receive a total of 5 cents (\$0.05) per Sunland Share if the Offer becomes unconditional – being the Offer Consideration plus the Declared Dividend.

## 3 Offer Period

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The Offer will remain open for acceptance during the period commencing on 25 July 2024 and ending at 7:00 pm (Sydney Time) on 2 September 2024, unless it is withdrawn or extended under the Corporations Act or in accordance with the Bid Implementation Agreement.

## 4 How to accept this Offer

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### 4.1 All of your holding

The Offer is for all of your Sunland Shares.

### 4.2 Acceptance procedure for Sunland Shareholders

To accept this Offer you may accept the Offer online at <https://events.miraqle.com/sunland-offer>, by email to [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au) or by using a physical Acceptance Form.

### **Online acceptance**

- (a) To accept the Offer online, you must:
  - (i) log in to <https://events.miracle.com/sunland-offer> and follow the instructions. You will need your Security Holder Reference Number and postcode or country of residence (if your Sunland shareholding is registered outside Australia) associated with your Sunland Shares to log in; and
  - (ii) follow the instructions and select the “Accept” option, and submit your acceptance of the Offer. You will receive on-screen confirmation of submission of your acceptance of the Offer, and a further confirmation via email to the email address you provided after you logged in.
- (b) Where your Sunland Shares are held in more than one name, a holder must have the authority of all other joint holders to act on their behalf to submit an online acceptance of the Offer in respect of the jointly held Sunland Shares.
- (c) If you do not receive a confirmation message after attempting to accept the Offer online, please contact [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au).
- (d) Your online acceptance of the Offer must be made before the end of the Offer Period.

### **Acceptance Form**

To accept the Offer by email, you must complete and sign the Acceptance Form in accordance with the instructions on it and email it to [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au).

To accept the Offer using a physical Acceptance Form, you must complete and sign the Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address indicated under clause 4.3 of this Appendix 1 so that your acceptance is received before the end of the Offer Period.

### **4.3 Postal address and email address**

Completed Acceptance Forms and any associated documents should be sent to:

- (a) By mail:
  - Sun Holdings Sunland Offer
  - C / - Link Market Services
  - Locked bag A14
  - Sydney South NSW 1235

A reply paid envelope (not able to be used by Sunland Shareholders outside Australia) may be requested for the purpose of posting your physical Acceptance Form.
- (b) By email to: [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au)

The transmission of the Acceptance Form and other documents is at your own risk.

### **4.4 Acceptance Form**

The Acceptance Form with this Bidder’s Statement forms part of the Offer. Subject to clause 4.8 of this Appendix 1, the requirements on the Acceptance Form must be observed in accepting this Offer in respect of your Sunland Shares.

#### **4.5 Online acceptances**

When using the online facility available at <https://events.miraqle.com/sunland-offer> to accept the Offer, for your acceptance to be valid you must ensure that your acceptance is submitted before the end of the Offer Period. Neither Sun Holdings nor the Offer Registry accept any responsibility or liability for any website downtime, delays or access failure that may occur due to any circumstances beyond its control, and which may delay or impede your ability to access <https://events.miraqle.com/sunland-offer> or submit an acceptance online.

The use of the online facility to accept the Offer is at your own risk.

#### **4.6 Beneficial owners**

Beneficial owners whose Sunland Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting this Offer.

#### **4.7 Power of attorney, deceased estate**

When accepting this Offer, you must also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, an original certified copy of the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Sunland Shareholder, an original certified copy of the relevant grant of probate or letters of administration.

#### **4.8 When acceptance is complete**

- (a) Acceptance of this Offer will not be complete until an online acceptance is submitted online at <https://events.miraqle.com/sunland-offer> or a completed Acceptance Form has been received at the email or physical address set out in clause 4.3 of this Appendix 1 and the requirements of this clause 4 of Appendix 1 have otherwise been met, provided that:
  - (i) Sun Holdings may in its sole discretion waive any or all of those requirements at any time; and
  - (ii) where those requirements have been complied with for some but not all of your Sunland Shares, Sun Holdings may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Sunland Shares for which the requirements have been complied with but not in respect of the remainder (unless Sun Holdings waives those requirements in accordance with clause 4.8(a)(i) of this Appendix 1) .
- (b) Where Sun Holdings elects to waive any requirement of this clause 4 of Appendix 1, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.
- (c) If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

#### **4.9 Withdrawal**

Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Sunland Shares, except as follows:

- (a) if, by the end of the Offer Period, the Conditions have not been fulfilled or waived, this Offer will automatically terminate, and your Sunland Shares will be returned to you; or
- (b) if the Offer Period is extended for more than one month and the obligations of Sun Holdings to pay the Offer Consideration are postponed for more than one month and, at the time, this Offer remains subject to a Condition, you may be able to withdraw your acceptance and dispose of your Sunland Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this respect.

## 5 Payment for your Sunland Shares

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### 5.1 How cash payment for your Sunland Shares will be made

- (a) **Offer Consideration:** if you have previously nominated account details to Sunland, payment will be made electronically to this account. If you have not previously nominated account details to Sunland and want to be paid electronically, you must provide your account details via <https://investorcentre.linkgroup.com/> prior to accepting the Offer.  

If you have not previously nominated account details to Sunland and do not nominate account details via <https://investorcentre.linkgroup.com/> on or before the date of acceptance you will be paid by cheque in Australian dollars.
- (b) **Address:** anything to be dispatched to you under this clause 5.1 of Appendix 1 will be sent to you at your own risk by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of Sunland (or such other address as you may notify in writing to Sun Holdings).
- (c) **Joint holdings:** if your Sunland Shares are held in a joint name, any cheque issued will be in the name of the joint holders and forwarded to the address that appears first in the register of Sunland.

### 5.2 When consideration is provided

Subject to the Corporations Act, if you accept the Offer, Sun Holdings will provide the Offer Consideration to which you are entitled on acceptance of the Offer on or before the earlier of:

- one month after the Offer is accepted or, if the Offer is subject to a Defeating Condition, within one month after the date the Conditions have been freed or fulfilled (whichever is later); and
- 21 days after the end of the Offer Period.

### 5.3 Where additional documents are required

- (a) Where the Acceptance Form or any subsequent request from Sun Holdings requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document reasonably requested by Sun Holdings to give better effect to your acceptance), if the documents are given:
  - (i) with your acceptance, Sun Holdings will provide the consideration in accordance with clauses 5.1 and 5.2 of this Appendix 1;
  - (ii) after acceptance and before the end of the Offer Period and the Offer Period while the Offer is subject to a Condition, Sun Holdings will provide the consideration due to you on or before the earlier of one

month after this Offer becomes unconditional and 21 days after the end of the Offer Period;

- (iii) after acceptance and before the end of the Offer Period while the Offer is not subject to a Condition, Sun Holdings will provide the consideration due to you on or before the earlier of one month after the documents are given and 21 days after the end of the Offer Period; or
  - (iv) after the end of the Offer Period, where the Offer is not subject to a Condition, Sun Holdings will provide the consideration within 21 days after the documents are given.
- (b) If you do not provide Sun Holdings with the required additional documents within one month after the end of the Offer Period, Sun Holdings may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.
  - (c) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form, you will not be able to submit an acceptance of the Offer online and you must use a physical Acceptance Form to accept the Offer.

#### **5.4 Where Sun Holdings is entitled to any Rights**

If Sun Holdings becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Sun Holdings all documents necessary to vest those Rights in Sun Holdings or otherwise to give Sun Holdings the benefit or value of those Rights. If you do not give those documents to Sun Holdings, or if you have received the benefit of those Rights, then Sun Holdings may deduct from the Offer Consideration otherwise due to you, the amount (or value, as reasonably assessed by Sun Holdings) of those Rights in accordance with clause 5.5 of this Appendix 1.

#### **5.5 Rights generally**

If:

- (a) you have (or any previous holder of your Sunland Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise), except for the payment of the Declared Dividend; or
- (b) you are (or any previous holder of your Sunland Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Sunland Shares is) the registered holder of the Sunland Share at the specified time for determining those entitled to the dividend), except for the payment of the Declared Dividend; or
- (c) your Sunland Shares were issued (or otherwise came into existence) on or after the specified time for determining entitlements in respect of any Rights to Sunland Shareholders,

then Sun Holdings may deduct from the Offer Consideration the value (as reasonably assessed by Sun Holdings) of such Rights.

If Sun Holdings does not, or cannot, make such a deduction or reduction, you must pay that value or amount to Sun Holdings.

#### **5.6 Clearances for offshore residents**

If, at the time of acceptance of this Offer, you are a resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.



## 6 Conditions of the Offer

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### 6.1 Conditions

This Offer and the contract that results from acceptance of this Offer are subject to the following Conditions:

- (a) **Minimum acceptance:** by the end of the Offer Period, Sun Holdings has a Relevant Interest in at least 90% (by number) of Sunland Shares;
- (b) **No regulatory action:** between the Announcement Date and the end of the Offer Period (each inclusive):
  - (i) no preliminary or final decision, order or decree is made or issued;
  - (ii) no action, proceeding or investigation is announced, commenced or threatened; and
  - (iii) no application is made (other than by Sun Holdings or its Associates), by or to any regulatory organisation or Governmental Agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the Sunland Shares by Sun Holdings, the rights of Sun Holdings in respect of Sunland and the Sunland Shares or the continued operation of the business of Sunland or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act), unless such matters have been Fairly Disclosed to Sun Holdings prior to the Announcement Date;
- (c) **No prescribed occurrences:** between the Announcement Date and the commencement of the Offer Period (each inclusive), and during the Offer Period, none of the events listed in subsections 652C(1) or (2) of the Corporations Act occur;
- (d) **No material transactions:** Except for any proposed transaction reasonably full details of which are publicly announced by Sunland before the Announcement Date, none of the following events occur between the Announcement Date and the end of the Offer Period (each inclusive) without the written consent of Sun Holdings:
  - (i) Sunland or any of its subsidiaries acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$100,000 or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such an acquisition or acquisitions;
  - (ii) Sunland or any of its subsidiaries disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$100,000 or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such a disposal;
  - (iii) Sunland or any of its subsidiaries enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership or dual listed company structure involving a commitment of greater than \$100,000 in any single transaction or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such a commitment; or

- (iv) Sunland or any of its subsidiaries incurs or commits to, or grants to another person a right the exercise of which would involve Sunland or any of its subsidiaries incurring or committing to any capital expenditure or liability (excluding any operating and strategy costs) for one or more related items of greater than \$100,000, or makes an announcement about such a commitment;
- (e) **No material adverse change:** Between the Announcement Date and the end of the Offer Period (each inclusive), there is no occurrence of any change which has or could reasonably be expected to have a material adverse effect on the assets, liabilities, financial position, performance or profitability of Sunland and/or its subsidiaries of at least \$500,000, other than:
  - (i) any matter, event or circumstance that is fairly disclosed, or actually known by Sun Holdings on or before the date of the Bid Implementation Agreement (including as a result of documents lodged with ASIC);
  - (ii) any matter, event or circumstance arising from changes in law or economic, regulatory, political or business conditions in Australia or that affects or otherwise has an impact on Australia;
  - (iii) any change in accounting policy required by law;
  - (iv) any change resulting directly from a general deterioration in equity markets, interest rates, exchange rates or credit spreads or a disruption to financial markets of Australia;
  - (v) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Offer or the transactions contemplated by them; or
  - (vi) any change occurring with the written consent of Sun Holdings;
- (f) **Conduct of business:** Between the Announcement Date and the end of the Offer Period (each inclusive), none of Sunland and any body corporate which is or becomes a subsidiary of Sunland, without the written consent of Sun Holdings:
  - (i) adopts a new constitution or makes any change to its constitution or passes any special resolution or proposes to do so;
  - (ii) gives or agrees to give any encumbrance (including a security interest or mortgage) over any of its assets otherwise than in the ordinary course of business; or
  - (iii) changes its board composition, including appointing additional directors, whether to fill a casual vacancy or otherwise, unless such appointment is required to comply with Sunland's constitution or the Corporations Act;
- (g) **No superior alternative proposal:** Between the Announcement Date and the end of the Offer Period (each inclusive), no alternative proposal to the Offer is announced that:
  - (i) is recommended by any Sunland Director; or
  - (ii) offers consideration that is higher than the consideration offered under the bid valued, as far as practicable, in accordance with the principles applying under section 621(3) of the Corporations Act and ASIC Regulatory Guide 9: *Takeover bids*; and
- (h) **No material litigation:** Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) none of Sunland and its subsidiaries has threatened or commenced against it any material claims or proceedings in any court or tribunal (and a claim or proceeding is taken to be material if it may reasonably result in a judgment of \$100,000 or more), other than that which has been provisioned for by Sunland in the disclosure materials provided to Homecorp or Sun Holdings (**Disclosure Materials**), or has otherwise been Fairly Disclosed in the Disclosure Materials;
- (ii) neither the consideration under the Offer is required to be increased nor Sun Holdings or one of its Associates is required, or is reasonably likely to be required, to pay any amount to any one or more Sunland Shareholders in connection with the Offer as a result of:
  - (A) any litigation that is commenced, is threatened to be commenced, announced or is made known to Sunland (whether or not becoming public); or
  - (B) any preliminary or final decision or order of any regulator or other Governmental Agency, other than as a result of Sun Holdings publicly undertaking to increase the consideration under the Offer or lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer; or
- (iii) no aggregate liability of Sunland and its subsidiaries under or in connection with any existing claim or proceeding in any court or tribunal is or is likely to be materially more than the provision made for the claim or proceeding in Sunland's last management accounts or otherwise in Sunland's Disclosure Materials; or if no provision has been made, is or is likely to be more than \$100,000,

unless the doing of that thing was specifically publicly disclosed before the Announcement Date or otherwise Fairly Disclosed in the Disclosure Materials.

## 6.2 Nature of Conditions

Each of the Conditions:

- (a) constitutes and is to be construed as a separate, several and distinct Condition;
- (b) is a condition subsequent; and
- (c) until the Conditions are satisfied or waived are for the benefit of Sun Holdings alone and can be relied upon only by Sun Holdings.

## 6.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the Conditions set out in clause 6.1 of this Appendix 1 does not, until the end of the Offer Period, prevent a contract arising to acquire your Shares resulting from your acceptance of this Offer but, if at the end of the Offer Period:

- (a) Sun Holdings has not declared this Offer (and it has not become) free from that Condition; and
- (b) that Condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void.

#### **6.4 Sun Holdings may decide offer is free from all or any of the Conditions**

Sun Holdings may at any time at its sole discretion, but in compliance with the Corporations Act, declare the Offer free from all (or any) of the Conditions by notice in writing to Sunland no later than seven days before the end of the Offer Period.

#### **6.5 Date for giving notice on status of Conditions**

The date for giving a notice on the status of the Conditions as required by section 630(1) of the Corporations Act is the date seven days before the end of the Offer Period, subject to variation under section 630(2) of the Corporations Act if the Offer Period is extended.

### **7 Effect of acceptance**

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#### **7.1 No revocation of acceptance**

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless the circumstances set out in section 650E of the Corporations Act apply.

#### **7.2 Your agreement**

By submitting an acceptance online at <https://events.miracle.com/sunland-offer> or signing and returning the Acceptance Form, or otherwise accepting this Offer, you will be deemed to have:

- (a) subject to the Conditions set out in clause 6 of Appendix 1 being satisfied or waived, irrevocably accepted this Offer (and each variation of this Offer) in respect of all of your Sunland Shares despite any difference between that number and the number of Sunland Shares shown in the online acceptance or on the Acceptance Form;
- (b) irrevocably authorised Sun Holdings to alter the physical Acceptance Form or online acceptance submitted at <https://events.miracle.com/sunland-offer> on your behalf by:
  - (i) inserting correct details of your Sunland Shares;
  - (ii) filling in any blanks remaining on the Acceptance Form; and
  - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the online acceptance or the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Sunland Shares to Sun Holdings, and agreed to provide any document reasonably requested by Sun Holdings to make the online acceptance or the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance;
- (c) represented and warranted to Sun Holdings, as a condition of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your Sunland Shares to Sun Holdings:
  - (i) you have paid to Sunland all amounts which are due for payment in respect of your Sunland Shares; and
  - (ii) all of your Sunland Shares are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and
  - (iii) you have full power, authority and capacity to sell and transfer those Sunland Shares;
- (d) with effect from the date on which all the Conditions set out in clause 6 of Appendix 1 have been satisfied or waived, you have irrevocably appointed Sun

Holdings or any nominee of Sun Holdings as your attorney to exercise all your powers and Rights attaching to your Sunland Shares including to requisition, convene, attend and vote at all general meetings of Sunland or appoint a proxy or proxies to attend and vote on your behalf at that meeting, where the passing or defeat of any resolution before the meeting might adversely affect the likelihood of the Offer being successful and to do so in a way which would prevent that effect arising;

- (e) irrevocably appointed Sun Holdings and each the Sun Holdings Directors from time to time individually as your agent and attorney on your behalf to:
  - (i) with effect from the date on which all the Conditions set out in clause 6 of Appendix 1 have been satisfied or waived, attend and vote in respect of your Sunland Shares at all general meetings of Sunland;
  - (ii) subject to the Conditions set out in clause 6 of Appendix 1 being satisfied or waived, receive from Sunland or any other party, and retain, any share certificates which were held by Sunland, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee share scheme) or otherwise; and
  - (iii) subject to the Conditions set out in clause 6 of Appendix 1 being satisfied or waived, sign all documents (including an instrument appointing one of the Sun Holdings Directors as a proxy in respect of any or all of your Sunland Shares and any application to Sunland for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your Sunland Shares, and generally to exercise all powers and Rights which you may have as a Sunland Shareholder and perform such actions as may be appropriate in order to vest good title in your Sunland Shares in Sun Holdings;
- (f) agreed:
  - (i) to do anything necessary to ratify any act taken or purported to be taken by Sun Holdings or any of the Sun Holdings Directors under the power of attorney granted by clause 7.2(e) of Appendix 1 above; and
  - (ii) to indemnify Sun Holdings and each of the Sun Holdings Directors in respect of that act;
  - (iii) that in exercise of the powers conferred by the power of attorney in clause 7.2(e) above, Sun Holdings is entitled to act in the interests of Sun Holdings;
- (g) agreed not to exercise or purport to exercise any of the powers conferred on Sun Holdings or its nominee in paragraph 7.2(d) above;
- (h) irrevocably authorised and directed Sun Holdings to direct Sunland to pay to Sun Holdings, or to account to Sun Holdings for, all Rights in respect of your Sunland Shares (except for the payment of the Declared Dividend), subject to Sun Holdings accounting to you for any such Rights received by Sun Holdings if this Offer is withdrawn or any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (i) irrevocably authorised Sun Holdings to notify Sunland on your behalf that your place of address for the purposes of serving notices upon you in respect of your Sunland Shares is the address specified by Sun Holdings in the notification; and

- (j) where, at that time, you have a right to be registered as a holder of the Sunland Shares the subject of your acceptance as the result of a private treaty purchase (but are not a Sunland Shareholder):
- (i) agreed to use best endeavours to procure the delivery of the Sunland Shares the subject of your acceptance to Sun Holdings in accordance with your acceptance (including giving Sun Holdings all documents necessary to vest those Sunland Shares in Sun Holdings or otherwise to give Sun Holdings the benefit or value of those Sunland Shares);
  - (ii) agreed not to do or omit to do anything which may frustrate your acceptance of this Offer, or otherwise obstruct registration of the transfer of the Sunland Shares the subject of your acceptance to Sun Holdings;
  - (iii) irrevocably assigned to Sun Holdings all contractual rights and recourse against the vendor in respect of your purchase which contractual rights and recourse may arise by reason of that person's failure to complete that transfer;
  - (iv) agreed to assign to Sun Holdings (without any further action being required) all rights in respect of your purchase immediately on any failure by you to complete that purchase, including irrevocably assigning to Sun Holdings the right to (at Sun Holdings' ultimate discretion) complete that purchase on your behalf, and agreed that Sun Holdings may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of this Offer and the delivery of the Sunland Shares the subject of that acceptance) any amount paid by Sun Holdings in order to settle that purchase on your behalf. If Sun Holdings does not, or cannot, make such a deduction, you must pay that amount to Sun Holdings; and
  - (v) agreed that if you are unable to assign to Sun Holdings any of the rights and recourse specified under clause 7.2(j)(iii) and 7.2(j)(iv) of Appendix 1 above, you will assign those rights and recourse as soon as you are legally able to.

Sun Holdings may at any time deem the receipt of a signed Acceptance Form or acceptance submitted online at <https://events.miraqle.com/sunland-offer> to be a valid acceptance of this Offer even if you omit to include your share certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance but, if Sun Holdings does so, Sun Holdings is not obliged to make the Offer Consideration available to you until all of the requirements for acceptance have been met.

## **8 Withdrawal**

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Sun Holdings may withdraw unaccepted Offers at any time with the written consent of ASIC and Sunland and subject to the conditions (if any) specified in such consent.

## **9 Variation**

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Sun Holdings may vary this Offer in accordance with the Corporations Act.

## **10 Acceptances by transferees and nominees**

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### **10.1 Who may accept this Offer**

During the Offer Period:

- (a) any person who is able to give good title to a parcel of Sunland Shares may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of Sunland Shares as trustee, nominee, or otherwise on account of another person, may accept this Offer as if a separate and distinct offer had been made in relation to:
  - (i) each of those parcels; and
  - (ii) any parcel they hold in their own right.
- (c) To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please contact [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au).

### **10.2 Holding shares**

- (a) A person is taken to hold Sunland Shares if the person is, or has a right to be registered as, the holder of those Sunland Shares.
- (b) A person who has a right to be registered as a holder of Sunland Shares may accept this Offer by submitting an acceptance online at <https://events.miracle.com/sunland-offer> or by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address indicated under clause 4.3 of this Appendix 1 so that the acceptance is received before the end of the Offer Period.

### **10.3 Holding shares on trust or as a nominee**

A person is taken to hold Sunland Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular Sunland Shares; and
- (b) hold their interest in the Sunland Shares on trust for, as nominee for, or on account of, that other person.

### **10.4 Effective acceptance**

An acceptance of an offer under clause 10.1(b) of this Appendix 1 is ineffective unless:

- (a) the person who holds on account of another person, gives the other person a notice stating that the Sunland Shares consist of a separate parcel; and
- (b) the acceptance specifies the number of Sunland Shares in that parcel.

### **10.5 Notice of acceptance**

- (a) A notice under clause 10.4(a) of this Appendix 1 must be made in writing.
- (b) A person may, at the one time, accept for two or more parcels under this clause 10 as if there had been a single offer for a separate parcel consisting of those parcels.

## **11 Other matters**

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### **11.1 Notices and other communications**

Subject to the Corporations Act, a notice or other communication given by Sun Holdings to you in connection with this Offer shall be deemed to be duly given if it is in writing and is:

- (a) if you have provided to Sunland or Sun Holdings your email address, sent via email to that email address; or
- (b) if you have not provided to Sunland or Sun Holdings your email address:
  - (i) delivered to your address as recorded on the register of members of Sunland or the address shown in the Acceptance Form; or
  - (ii) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of the addresses set out at clause 11.1(b)(i) above.

### **11.2 Return of documents**

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to Sun Holdings, but before it has been received; or
- (b) for any other reason Sun Holdings does not acquire the Sunland Shares to which your Acceptance Form relates,

Sun Holdings will despatch at your risk your Acceptance Form together with all other documents forwarded by you.

### **11.3 Costs and expenses**

- (a) All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer will be paid by Sun Holdings. Should any stamp duty be payable on the transfer of Sunland Shares to Sun Holdings under the Offer due to a change in the relevant legislation during the Offer Period, these costs will be paid by Sun Holdings.
- (b) If you hold your Sunland Shares through a bank, custodian or other nominee, you should ask them whether it will charge any transaction fees or service charges connected with you accepting the Offer. These costs will not be paid by Sun Holdings.

### **11.4 Foreign laws**

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

### **11.5 Governing law**

This Offer and any contract resulting from acceptance of it is governed by the law in force in New South Wales.



# Sunland Group

ESTABLISHED  
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**This is an important document and requires your immediate attention.**

**If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.**

**Sunland Group Limited ACN 063 429 532**

## Target's Statement

in response to the offer by Sun Holdings GC Pty Ltd (ACN 677 077 771) to acquire all of your Sunland Shares.

The Directors of Sunland unanimously recommend that, in the absence of a superior proposal and subject to the independent expert continuing to opine that the Offer is fair and reasonable, you **ACCEPT** the Offer to purchase all of your Sunland Shares for \$0.045 cash per Sunland Share.

The Independent Expert has concluded that the Offer is **fair** and **reasonable** to Sunland Shareholders.

Date of the target's statement: 19 July 2024

Legal adviser



## Important notices

### Nature of this document

This document is a Target's Statement dated 19 July 2024 issued by Sunland Group Limited (ACN 063 429 532) (**Sunland**) in accordance with Division 3 of Part 6.5 of the Corporations Act, in response to the Bidder's Statement dated 19 July 2024 issued by Sun Holdings GC Pty Ltd (ACN 677 077 771) (**Bidder**), in respect of the Offer.

### Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 11 below. That Section also sets out some rules of interpretation which apply to this Target's Statement.

### Investment decision and no account of personal circumstances

The Directors of Sunland recommend that you read this Target's Statement, the Independent Expert's Report and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the Offer. This Target's Statement should not be taken as personal financial, investment or tax advice, as each Sunland Shareholder's deliberation and decision will depend upon their own individual financial situation, tax position, investment objectives and particular needs. You should seek independent financial, taxation, legal or other professional advice before making a decision whether or not to accept the Offer.

### Forward-looking statements

This Target's Statement may contain prospective financial information and other forward-looking statements ("**forward looking statements**"), which include all statements other than statements of historical fact. Sunland Shareholders should note that forward-looking statements are only expectations or predictions and are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Sunland. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

The risks, variables and other factors that may affect the forward-looking statements include matters specific to the sectors in which Sunland operates, as well as economic and financial market conditions; legislative, fiscal or regulatory developments; and risks associated with the business and operations of Sunland.

All forward-looking statements attributable to Sunland, or persons acting on behalf of Sunland, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly required under the Corporations Act, Sunland makes no undertaking to publicly update or revise any forward-looking statements provided in this Target's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Sunland, its officers, advisers, employees, nor any other person (including any person involved in the preparation of this Target's Statement), subject to the Corporations Act, gives any representation or warranty (express or implied) or gives any assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements, or any events or results expressed or implied in any forward-looking statements, except to the extent required by law.

Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement reflect views held by Sunland Directors as at the date of this Target's Statement.

## **ASIC**

A copy of this Target's Statement was lodged with ASIC on 19 July 2024. Neither ASIC, nor any of their respective officers, takes any responsibility for the content of this Target's Statement.

### **Disclaimer as to information**

The information in this Target's Statement about the Bidder (including, for the avoidance of doubt, the information set out in Section 5) has been compiled from, or is otherwise based on, information obtained from either the Bidder or publicly available sources, and has not been independently audited or verified by Sunland or its advisers. Accordingly, Sunland does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information and, to the extent permitted by law, neither Sunland nor any of its officers, advisers or employees assumes any responsibility or liability for such information. If any information obtained from the Bidder or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward-looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward-looking statements.

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes responsibility for that report. To the extent permitted by law, neither Sunland nor any of its officers, advisers or employees assumes any responsibility or any liability for the accuracy or completeness of the Independent Expert's Report, except, in the case of Sunland, in relation to the information which it has provided to the Independent Expert.

### **Foreign shareholders**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

### **Privacy**

Sunland has collected your information from the register of Sunland Shareholders for the purpose of providing you with this Target's Statement. The type of information Sunland has collected about you includes your name, contact details and information about your holding of Sunland Shares. Without this information, Sunland would be hindered in its ability to issue this Target's Statement.

The Corporations Act requires the name and address of Sunland Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the Sunland Share Registry, the Bidder and its advisers, and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

### **Further information**

If you would like more information about Sunland Shares which you hold, please contact the Sunland takeover information line on 1800 642 133 (from within Australia) or +61 1800 642 133 (from outside Australia) between 8.30am and 7.30pm (Sydney time) on Business Days.

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## Key Dates

<b>Announcement Date</b>	2 July 2024
<b>Lodgement Date</b> <i>Date Bidder lodges Bidder's Statement with ASIC and serves it on Target</i> <i>Date Sunland lodges Target's Statement with ASIC and serves it on Bidder</i>	19 July 2024
<b>Offer Period commences</b>	25 July 2024
<b>Offer Period ends</b> (unless extended by the Bidder)	7:00pm (Sydney time) 2 September 2024

## Further information

Sunland Shareholders may call the Sunland takeover information line on 1800 642 133 (from within Australia) or +61 1800 642 133 (from outside Australia) between 8.30am and 7.30pm (Sydney time) on Business Days or go to <https://www.sunlandgroup.com.au/> if they have any queries in relation to the Offer.

## Letter from the Sunland Chairman

19 July 2024

Dear Shareholders,

### Background

Following an unsolicited proposal from Homecorp Property Group Pty Ltd (ACN 162 293 763) (**Homecorp**), Sunland Group Limited (ACN 063 429 532) (**Sunland**) entered into a bid implementation agreement with Homecorp on 2 July 2024 (**Bid Implementation Agreement**) under which it was agreed that Homecorp's associate Sun Holdings GC Pty Ltd (ACN 677 077 771) (**Sun Holdings** or **Bidder**) would make an agreed off-market takeover offer for all of the Sunland Shares (**Offer**).

### Offer Price and dividend

Under the Offer, Sunland Shareholders who accept the Offer will receive 4.5 cents (\$0.045) cash per Sunland Share (**Offer Price**), provided the Offer becomes unconditional.

In addition to the Offer, on 2 July 2024, the Sunland Directors declared a dividend of 0.5 cents (\$0.005) per Sunland Share to be paid to Sunland Shareholders on 26 July 2024 (**Declared Dividend**)<sup>1</sup>.

Sunland Shareholders (on the Record Date) will receive the Declared Dividend whether or not they accept the Offer.

Sunland Shareholders (on the Record Date) who accept the Offer will effectively receive a total of 5 cents (\$0.05) per Sunland Share, provided the Offer becomes unconditional – being the Offer Price plus the Declared Dividend.

### Conditions

The Offer is subject to a 90% minimum acceptance condition; that is, the Offer is conditional on the Bidder receiving acceptances taking its relevant interest in Sunland Shares on issue to at least 90%. The Offer is also subject to other conditions which are customary for a takeover offer of this nature, which are described in section 9.2 of the Target's Statement. The Bidder may waive the conditions in its discretion.

### Independent Expert opinion

The Directors appointed Grant Thornton Corporate Finance Pty Limited ABN-59 003 265 987, ACN-003 265 987, AFSL-24714 (the **Independent Expert**) to prepare the Independent Expert's Report. The Independent Expert has concluded that the Offer is fair and reasonable to Sunland Shareholders. The Independent Expert has valued each Sunland Share at a price of between \$0.045 and \$0.06 per Sunland Share. A copy of the Independent Expert's Report is included as Annexure A to this Target's Statement, and you are encouraged to read that report in full.

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<sup>1</sup> The Declared Dividend was permitted under the Bid Implementation Agreement and reduced the Offer Price payable by the Bidder from 5 cents (\$0.05) to 4.5 cents (\$0.045). Full details of this dividend are contained in Sunland's company announcement dated 2 July 2024, a copy of which is available on Sunland's website.

## Director's Recommendation

The Directors of Sunland have carefully reviewed the Offer in consultation with their advisers and **unanimously recommend that Sunland Shareholders ACCEPT the Offer** in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is fair and reasonable.

## Reasons for the Director's Recommendation

In October 2020, Sunland announced its strategy to return net assets to Sunland Shareholders (**Strategy**). At that time, the net asset value of the Sunland Group was \$2.56 and Sunland Shares were trading at approximately \$1.33 per Sunland Share. Since this announcement, Sunland has realised assets, repaid liabilities, met Operating and Strategy Costs and returned surplus funds to shareholders totalling \$3.425 (including the Declared Dividend but not including the \$0.045 consideration offered under this Offer). \$2.525 of those funds returned were in fully franked dividends. The Sunland Group has ongoing Operating and Strategy Costs which are estimated to continue through to 2029/2030 as obligations are fulfilled. Directors would then be required to assess the most effective method of finalising the Strategy. This timeframe carries many risks and uncertainties which are difficult to forecast and quantify at this time. These matters are discussed further in this Target's Statement.

This Target's Statement sets out the formal response of the Directors to the Offer, including the reasons why the Directors unanimously recommend that you accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is fair and reasonable. In summary:

1. The Independent Expert has concluded that the Offer is fair and reasonable to Sunland Shareholders. The Independent Expert has valued 100% of the Sunland Shares in the range of \$0.045 and \$0.06 per Sunland Share.
2. The Offer provides Sunland shareholders with the opportunity to receive certain value of \$0.045 per Sunland Share in cash, which should be weighed against the risks associated with remaining a Sunland Shareholder.
3. The Offer is the best available offer for Sunland Shares at this time, noting that no superior proposal has emerged as at the date of this Target's Statement.
4. There is no certainty that Bidder will make another offer for Sunland Shares in the future.
5. All assets of Sunland Group have been sold and consequently the only source of revenue is interest generated on surplus cash funds. Sufficient capital must continue to be set aside to meet Sunland's ongoing future Operating and Strategy Costs and any contingent liabilities that may crystallise during the period to when the Strategy is concluded at or around December 2029. This makes the timing and value of future distributions uncertain and difficult to forecast.
6. It is expected that Operating and Strategy Costs will exceed the interest income generated from surplus cash and accordingly the net asset value of the Sunland Shares will gradually decrease. There is therefore no guarantee future distributions over the course of completing the Strategy<sup>2</sup> will necessarily exceed the Offer Price.
7. There are potentially adverse consequences if you do not accept the Offer, including:
  - (a) since the removal of Sunland from the official list of the ASX on 30 October 2023 (the **Sunland Delisting**), there has not been a platform for Sunland Shareholders to buy and sell Sunland Shares and consequently Sunland Shareholders may not be able to sell their Sunland Shares in the future if the Offer is unsuccessful;
  - (b) the net asset value of Sunland Shares may diminish as Operating and Strategy Costs are incurred to fulfill the Sunland Group's obligations. Sunland's share price was last traded at 7.3 cents per

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<sup>2</sup> As announced to the ASX on 20 October 2020 and further updated on 30 September 2022 and 22 June 2023.

Sunland Share, prior to the Sunland Delisting. Since the Sunland Delisting, the value returned to Shareholders including dividends (including the Declared Dividend) (but excluding the value of any franking credits attached to them) combined with the Offer Price will be 9 cents per Sunland Share, if the Offer is successful; and

- (c) the value of any future distributions to Sunland Shareholders is uncertain.

Each of these reasons is explained in greater detail in this Target's Statement.

#### **Reasons why you may decide not to accept the Offer**

There may also be reasons why you may choose not to follow the unanimous recommendation of the Directors to accept the Offer. In summary, you may choose not to accept the Offer because:

- (a) you may wish to remain a Sunland Shareholder;
- (b) you may disagree with the unanimous recommendation of the Directors or the conclusions of the Independent Expert;
- (c) there may be tax consequences from accepting the Offer;
- (d) you may consider the surplus funds available for distribution at the conclusion of the Strategy will exceed the Offer Price; or
- (e) you may consider that there is potential for a superior proposal to emerge.

Each of these reasons is explained in greater detail in this Target's Statement.

#### **Director's intentions**

Each of the Sunland Directors intends to, with respect to their personal holdings of Sunland Shares, accept the Offer in the absence of a superior proposal.<sup>3</sup>

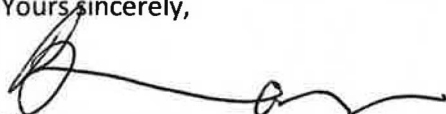
#### **Further Information**

The Offer is scheduled to close at 7:00pm (Sydney time) on 2 September 2024, unless withdrawn or extended by the Bidder. To **ACCEPT** the Offer, simply follow the instructions outlined in the Bidder's Statement, the Acceptance Form and Section 8 of this Target's Statement. No action is required if you decide not to accept the Offer.

We encourage you to read this Target's Statement carefully, and to seek independent advice if you are in any doubt as to how to respond to the Offer.

All Sunland Shareholders should have received together a copy of the Bidder's Statement (which sets out the detailed terms of the Offer and includes an Acceptance Form), the Target's Statement and the Independent Expert's Report. If you have not received a copy of a particular document or require more information about the Offer, please call the Sunland takeover information line on 1800 642 133 (from within Australia) or +61 1800 642 133 (from outside Australia) between 8.30am and 7.30pm (Sydney time) on Business Days.

Yours sincerely,



**Chris Freeman**

**Chairman**

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<sup>3</sup> Refer to Section 7 of the Target's Statement for information relating to Sunland's Directors.

## **1. Reasons why you should accept the Offer**

This Section 1 summarises the key reasons why the Directors unanimously recommend to Sunland Shareholders that they accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is fair and reasonable to Sunland Shareholders.

Under the Offer, Sunland Shareholders who accept the Offer will receive the Offer Price of 4.5 cents (\$0.045) cash per Sunland Share, provided the Offer becomes unconditional.

Sunland Shareholders (on the Record Date) will also receive the Declared Dividend of 0.5 cents (\$0.005) per Sunland Share whether or not they accept the Offer.

Sunland Shareholders (on the Record Date) who accept the Offer will effectively receive a total of 5 cents (\$0.05) per Sunland Share, provided the Offer becomes unconditional – being the Offer Price plus the Declared Dividend.

### **1.1 The Independent Expert has concluded that the Offer is fair and reasonable**

The Directors appointed Grant Thornton Corporate Finance Pty Limited ABN-59 003 265 987, ACN-003 265 987, AFSL-24714 to prepare an Independent Expert's Report on the Offer.

The Independent Expert concluded that the Offer is fair and reasonable, in the absence of a superior proposal.

The Independent Expert has valued 100% of the Sunland Shares in the range of \$0.045 and \$0.06 per Sunland Share.

The Directors encourage Sunland Shareholders to read the Independent Expert's Report in its entirety before making a decision as to whether or not to accept the Offer. A copy of the Independent Expert's Report is attached to this Target's Statement as Annexure A.

### **1.2 The Offer is a cash offer which delivers certain value for your Sunland Shares**

Subject to the Bid Conditions, the Offer provides certainty of value, with all consideration in cash.

If you accept the Offer and it becomes unconditional, you will:

- (a) be paid the Offer Price for each Sunland Share which you hold;
- (b) receive payment for the Offer on or before the earlier of:
  - (i) the day one month after you accept the Offer or, if the Offer is subject to a Bid Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
  - (ii) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

The Declared Dividend will be paid to Sunland Shareholders who are entitled to it on the Record Date, whether or not the Offer is accepted.

The Independent Expert states in the Independent Expert's Report that *"[i]n the absence of a superior alternative proposal, the Takeover Offer provides Sunland Shareholders the opportunity to receive a*



*certain cash amount now rather than uncertain amount at the future Realisation Date<sup>4</sup> in or around December 2029.”*

At the same time as providing certain value for your investment, by accepting the Offer you will eliminate any exposure to the risks inherent in continuing to hold Sunland Shares, including:

- (a) **Operating and Strategy Costs.** These are difficult to forecast, and whilst contingent liabilities have been considered, other possible contingent liabilities related to defect rectification obligations may crystallise in the future. These costs include statutory liabilities for building defects in circumstances where defect liabilities are yet to expire. Statutory defect periods can generally extend for up to 6 years and 6 months in New South Wales and Queensland, and 10 years in Victoria from when a building is completed. It is not presently known the extent of what defects may arise or what the cost to rectify such defects may be if there is an obligation to rectify them;
- (b) **Revenue is limited to interest** generated on surplus cash and will be adversely affected by a decrease in market interest rates; and
- (c) **Illiquidity of Sunland Shares.** Sunland is no longer listed on the official list of the ASX and there is no platform for the trading of Sunland Shares.

These and other risks of remaining a Sunland Shareholder are detailed further at Section 6.6.

### **1.3 No superior proposal has emerged as at the date of this Target's Statement**

As at the date of this Target's Statement, no alternative proposals to the Offer have been put to Sunland or are currently under consideration by Sunland, and the Directors are not aware of any other proposal that might be an alternative to the Offer.

Were Sunland to receive a competing proposal after the date of this Target's Statement, the Directors would need to consider all aspects of the proposal in determining whether it is superior to the Offer.

### **1.4 No certainty that the Bidder will make another offer for Sunland in the future**

If the Offer is unsuccessful, the Bidder may not make another takeover offer in the future. If the Bidder does make a future takeover offer, it may be at a lower price than the Offer Price.

### **1.5 Potentially adverse consequences if you choose not to accept the Offer**

If you choose not to accept the Offer, there are certain potentially adverse consequences of which you should be aware:

- (a) **Uncertainty over the value of future distributions:**
  - (i) Sunland will continue to operate its business in accordance with its Strategy. Given the Sunland Group does not generate revenue other than interest on surplus cash funds, and the difficulty in forecasting contingent liabilities that may crystallise in the future, the net asset value of Sunland Shares will gradually decrease as Operating and Strategy Costs are incurred to fulfill the Sunland Group's obligations, which will adversely affect the value of future distributions.
  - (ii) The Independent Expert states in the Independent Expert's Report that *“Although the Directors have made estimates of the likely future amounts of these costs based on*

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<sup>4</sup> Defined in the Independent Expert's Report.

*average past experience, there is considerable uncertainty surrounding the existence of circumstances that would expose the Company to materially greater costs in respect of these risks.”*

**(b) If the Offer is unsuccessful:**

- (i) the value of any future distributions to Sunland Shareholders will be uncertain because, with the inherent difficulty of forecasting interest income and contingent future defect obligations and rectification costs, costs are likely to exceed income through the forecast period which will have the effect of reducing the net asset value of Sunland Shares; and
- (ii) the value of any future distributions could be below the Offer Price.

**(c) Risk of compulsory acquisition**

- (i) If the Minimum Acceptance Condition is satisfied, and the remaining Bid Conditions are satisfied or waived, and the Bidder proceeds to compulsory acquisition following the end of the Offer Period, your Sunland Shares will be compulsorily acquired and you will receive the same consideration that you would have received under the Offer. However, you are unlikely to receive the consideration at the same time as those Sunland Shareholders who accept the Offer. Section 9.11 sets out further details regarding the compulsory acquisition procedure.

**(d) It may be difficult to sell your shares after the Offer expires**

- (i) If your Sunland Shares are not acquired under the Offer or via compulsory acquisition, it is likely to be difficult for you to sell your Sunland Shares.
- (ii) Since Sunland has been delisted, it will be more difficult to sell your Sunland Shares. There is no longer a platform for trading Sunland Shares and the protections available to shareholders under the ASX Listing Rules are no longer available to Sunland Shareholders.

## **2. Reasons why you may decide not to accept the Offer**

This Section 2 sets out some reasons why you may choose not to follow the unanimous recommendation of the Directors to **ACCEPT** the Offer and instead reject the Offer.

### **2.1 You may wish to remain a shareholder in Sunland**

- (a) If you accept the Offer, you may no longer be entitled to participate in the future financial performance of Sunland or exercise the rights of being a Sunland Shareholder.
- (b) Section 4 of this Target's Statement contains detailed information about Sunland which you should consider in making your decision.

### **2.2 You may disagree with the unanimous recommendation of the Directors or the conclusions of the Independent Expert**

In reaching their respective conclusions, the Directors and the Independent Expert have made judgements based on future conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

You may believe that the Offer Price is insufficient and you may hold a different view as to the value of Sunland Shares to both the Directors and the Independent Expert.

### **2.3 There may be tax consequences from accepting the Offer**

If you accept the Offer, it may result in taxation consequences for you, including exposure to Capital Gains Tax as defined by the *Income Tax Assessment Act 1997* (Cth) (**CGT**). Please refer to Section 6.8 of this Target's Statement and section 7 of the Bidder's Statement for further information.

### **2.4 You may consider surplus funds available for distribution at the conclusion of the Strategy will exceed the Offer Price**

Sufficient capital must continue to be set aside to meet Sunland's future Operating and Strategy Costs, which makes the timing and value of future distributions uncertain and difficult to forecast. You may consider that when the Strategy is concluded there may be sufficient surplus capital (after meeting the Operating and Strategy Costs and other contingent liabilities) available for distribution to the Sunland Shareholders that may be greater than the Offer Price.

### **2.5 You may consider that there is potential for a superior proposal to emerge**

- (a) You may believe that a superior proposal for all Sunland Shares could emerge in the future.
- (b) If a superior proposal is announced, Sunland Shareholders who have accepted the Offer will not be able to withdraw their acceptance in order to accept a superior proposal, unless the Offer is withdrawn. However, if the Bidder varies the Offer to increase the consideration it is offering for your Sunland Shares and the Offer becomes unconditional, you will be entitled to receive the increased consideration even if you have already accepted the Offer.
- (c) You should note that, as at the date of this Target's Statement, no superior proposal to the Offer have been put to Sunland or are currently under consideration by Sunland and the Directors are not aware of any other proposal by anyone to make a superior proposal..

## 2.6 Other matters

In considering whether to accept the Offer, the Directors encourage you to:

- (a) read both this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement in their entirety;
- (b) consider the future prospects of Sunland;
- (c) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances;
- (d) obtain independent financial advice from your own broker or financial adviser regarding the Offer, and
- (e) obtain taxation advice on the consequences for you of accepting the Offer.

As noted in Section 9, if the Minimum Acceptance Condition is satisfied, and all other Bid Conditions are satisfied or waived, the Bidder will be entitled under the Corporations Act to proceed to compulsorily acquire all of your Sunland Shares. The Bidder has stated that it intends to exercise this right if it becomes entitled to do so. As such, even if you do not accept the Offer, you may not be able to continue as a Sunland Shareholder, and you may be compelled by law to sell your Sunland Shares if the Minimum Acceptance Condition is satisfied.

### 3. Frequently asked questions

This Section 3 answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Sunland Shareholders. This Section should be read together with all other parts of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement.

Question	Answer
<p><b>Who is offering to purchase my Sunland Shares?</b></p>	<p>The Offer is being made by the Bidder.</p> <p>The Bidder is Sun Holdings GC Pty Ltd (ACN 677 077 771), an Australian proprietary company incorporated in Queensland on 3 May 2024 in Queensland.</p> <p>The Bidder is a wholly owned subsidiary of Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402), an Australian proprietary company incorporated on 22 July 2014.</p> <p>The Bidder was established as a special purpose vehicle for the purpose of acquiring the Sunland Shares under the Offer.</p> <p>Further information in relation to the Bidder can be obtained from section 3 of the Bidder's Statement.</p>
<p><b>What is the Bidder offering for my Sunland Shares?</b></p>	<p>The Offer Price under the Offer is <b>\$0.045 cash</b> per Sunland Share, being the consideration to be provided to Sunland Shareholders under the Offer, as set out in Section 9.1 of this Target's Statement.</p>
<p><b>What does this booklet include?</b></p>	<p>The Bidder and the Target jointly lodged the Bidder's and the Target's Statements with ASIC on 19 July 2024. This booklet comprises both the Bidder's Statement, the Target's Statement and the Independent Expert's Report.</p>
<p><b>What is the Bidder's Statement?</b></p>	<p>The Bidder's Statement contains information on the Offer, including information on the Offer Price you will receive if you accept the Offer. The law requires the Bidder to send it to you</p>
<p><b>What is the Target's Statement?</b></p>	<p>Sunland is required by law to produce this Target's Statement. The Target's Statement contains information to help you decide whether to accept the Offer for your Sunland Shares.</p>
<p><b>What choices do I have as a Sunland Shareholder?</b></p>	<p>As a Sunland Shareholder, you have the following choices in respect of your Sunland Shares:</p> <ul style="list-style-type: none"> <li>(a) accept the Offer, in which case you should follow the instructions in the Bidder's Statement; or</li> <li>(b) reject the Offer by doing nothing.</li> </ul> <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 8 of this Target's Statement.</p>

Question	Answer
	You should seek legal, financial and taxation advice from your professional adviser regarding the action that to take in relation to the Offer.
<b>What are the Directors recommending?</b>	<p>The Directors unanimously recommend that you accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is fair and reasonable.</p> <p>The reasons for the Directors' recommendation are set out in Section 1 of this Target's Statement.</p>
<b>Will I be forced to sell my Sunland Shares?</b>	<p>You cannot be forced to sell your Sunland Shares unless the Bidder:</p> <p>(a) receives acceptances giving it (or it otherwise acquires) a Relevant Interest in at least 90% (by number) of the Sunland Shares; and</p> <p>(b) acquires at least 75% (by number) of the Sunland Shares in which the Bidder or its Associates did not have a Relevant Interest as at 25 July 2024.</p> <p>If this occurs, and the Bid Conditions to the Offer are otherwise satisfied or waived, the Bidder will be entitled to compulsorily acquire all Sunland Shares held by Sunland Shareholders who did not accept the Offer, in which case you will receive the same consideration for your Sunland Shares that you would have received under the Offer. However, it may take you longer to receive your consideration than if you accepted the Offer.</p> <p>Please refer to Section 9.11 of this Target's Statement for more information about the compulsory acquisition process.</p>
<b>When does the Offer close?</b>	<p>The Offer Period must remain open for at least 1 month. It is currently scheduled to close at 7.00pm (Sydney time) on 2 September 2024 but can be extended in certain circumstances.</p> <p>The Directors will keep you informed if there are any material developments in relation to the Offer. Sunland Shareholders are also encouraged to monitor the Sunland website at <a href="https://www.sunlandgroup.com.au/">https://www.sunlandgroup.com.au/</a> for any updates on the Offer.</p>
<b>Can the Offer Period be extended?</b>	<p>If the Offer is unconditional (that is, all the Bid Conditions have been satisfied or waived), the Bidder may extend the Offer Period at any time before the end of the Offer Period.</p> <p>However, if the Offer remains subject to conditions, the Bidder may extend the Offer Period at any time before it gives a Condition Notice (as described in Section 9.10 and in Section 3 at "When will the Bidder advise as to the status of the Bid Conditions?") but may only extend the Offer after it has given that notice in the circumstances described in the paragraph below.</p> <p>There are other limited circumstances whereby the Bidder may extend its Offer, which are set out in the Corporations Act. These</p>

Question	Answer
	<p>will only apply where another person also announces or makes a takeover bid for Sunland Shares.</p> <p>The Bidder must extend the Offer Period if, within the last seven days of the Offer Period, the Bidder improves the Offer Price. If that happens, the Offer must be extended so it ends 14 days after that event.</p>
<p><b>How do I accept the Offer?</b></p>	<p>Instructions on how to accept the Offer are set out in section 2.2 of the Bidder's Statement, Section 8 of this Target's Statement, and on the Acceptance Form which accompanies the Bidder's Statement. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid.</p>
<p><b>What are the consequences of accepting the Offer now?</b></p>	<p>If you accept the Offer, you will be unable to sell or transfer your Sunland Shares or accept any other offer for your Sunland Shares during the Offer Period, unless the Offer lapses or the Offer is extended by a period of more than 1 month while it remains conditional. If the Offer is extended in this way, you will have an opportunity to withdraw your acceptance.</p> <p>If you accept the Offer and it becomes unconditional, you will be obliged to sell your Sunland Shares to the Bidder and you will receive the Offer Price cash per Sunland Share.</p> <p>The Declared Dividend will be paid on 26 July 2024 to Sunland Shareholders who are entitled to it on the Record Date, whether or not the Offer is accepted.</p>
<p><b>What will happen if a competing or superior proposal emerges?</b></p>	<p>The Directors will carefully consider any competing or superior proposal and will advise you whether the competing proposal affects their recommendation that you accept the Offer. However, as at the date of this Target's Statement no superior proposals to the Offer have been put to Sunland or are currently under consideration by Sunland and the Directors are not aware of any other proposal by anyone to make a superior proposal.</p> <p>Importantly, if you accept the Offer, you will be unable to withdraw your acceptance and accept a superior proposal if one emerges, except in limited circumstances (which are set out below and further in Section 9.8).</p>
<p><b>If I accept the Offer, can I withdraw my acceptance?</b></p>	<p>You will only be permitted to withdraw your acceptance if, after you have accepted the Offer and while the Offer is still subject to the Bid Conditions, the Bidder varies the Offer in a way that postpones for more than 1 month the time the Bidder has to meet its obligations under the Offer (that is pay you the Offer Price).</p> <p>For example, if the Bidder extends the Offer and the time for payment of the Offer Price by more than 1 month while the Offer remains conditional, you may withdraw your acceptance.</p>

Question	Answer
<p><b>Can the Bidder withdraw the Offer once I have accepted?</b></p>	<p>ASIC’s written consent would be required for the Bidder to withdraw the Offer, and the Bidder would also need to comply with any conditions specified in such consent.</p> <p>If the Bid Conditions are not met or waived during the Offer Period, the Bidder will not be required to purchase the shares of any Sunland Shareholder who has accepted the Offer.</p>
<p><b>Can I accept the Offer for only some of my Sunland Shares?</b></p>	<p>No. You cannot accept the Offer in respect of only some of the Sunland Shares you hold. You may only accept the Offer for all your Sunland Shares.</p>
<p><b>What will happen if the Bidder increases its Offer?</b></p>	<p>If you accept the Offer and the Bidder subsequently increases the Offer Price and the Offer becomes unconditional, you will receive the increased consideration for your Sunland Shares.</p>
<p><b>Will Sunland pay a dividend?</b></p>	<p>The Declared Dividend of \$0.005 per Sunland share was declared by Sunland on 2 July 2024 and will be paid by Sunland on 26 July 2024. This dividend will be paid to Sunland Shareholders even if the Offer is unsuccessful.</p> <p>The Declared Dividend is a ‘Permitted Dividend’ under the Bid Implementation Agreement and reduced the amount of the cash consideration payable by the Bidder under the Offer to Sunland Shareholders from \$0.05 cash per Sunland Share to \$0.045 cash per Sunland Share.</p> <p>The Declared Dividend is in addition to a dividend of \$0.04 per Sunland Share, which was paid to Sunland Shareholders of record on 25 June 2024.</p> <p>A copy of the company announcements which detail these dividends can be found on Sunland’s website.</p>
<p><b>What are the Bid Conditions of the Offer?</b></p>	<p>The Offer is subject to the Bid Conditions. The Bid Conditions are set out in the Bidder's Statement and are summarised in Section 9.2 of this Target's Statement.</p> <p>In summary, the Bid Conditions must either be satisfied by the end of the Offer Period or have been waived at least one week prior to the end of the Offer Period.</p>
<p><b>When will the Bidder advise as to the status of the Bid Conditions?</b></p>	<p>Clause 6.5 of Appendix 1 of the Bidder's Statement states that unless the Offer Period is extended, the Bidder will give Condition Notices in accordance with section 630(1) of the Corporations Act.</p> <p>Condition Notices must set out:</p> <ul style="list-style-type: none"> <li>• whether the Offer is free of the Bid Conditions;</li> <li>• whether, so far as the Bidder is aware, the Bid Conditions have been satisfied on the date Condition Notices are given; and</li> <li>• the Bidder's total Voting Power in Sunland.</li> </ul> <p>If the Offer Period is extended before the date on which the Bidder gives Condition Notices, the date for giving the Condition Notices will be postponed for the same period as the Offer Period,</p>



Question	Answer
	<p>and the Bidder is required to notify Sunland Shareholders of the new date for the Bidder to give the Condition Notices.</p> <p>If the Bid Conditions are satisfied or waived (so that the Offer becomes unconditional) before the date on which the Condition Notices are required to be given, the Bidder must, as soon as practicable after it has been satisfied, give Sunland a notice that states that the Bid Conditions have been satisfied.</p>
<p><b>What happens if the Bid Conditions of the Offer are not satisfied or waived?</b></p>	<p>If the Bid Conditions of the Offer are not satisfied or waived before the end of the Offer Period, unless the Offer Period is extended by the Bidder, the Offer will not proceed and you will not receive the Offer Price, even if you have accepted the Offer.</p> <p>If the Offer does not proceed, you will continue to hold your Sunland Shares and will be free to deal with them as if the Offer had not been made, unless you have already sold them to someone else.</p>
<p><b>What is the Minimum Acceptance Condition?</b></p>	<p>The Offer is subject to the Minimum Acceptance Condition, which is a defeating Bid Condition. In summary, the Minimum Acceptance Condition will be satisfied if the Bidder acquires a Relevant Interest in at least 90% (by number) of Sunland Shares by the end of the Offer Period.</p>
<p><b>What happens to Sunland if the Offer is not successful?</b></p>	<p>If the Offer does not proceed (because the Bid Conditions of the Offer are not satisfied or waived before the end of the Offer Period, or if ASIC consents to its withdrawal), the Bidder will not acquire the Sunland Shares which have been accepted under the Offer.</p> <p>The Directors consider that the value of Sunland Shares is more likely than not to fall in the absence of the Offer or in the absence of another equivalent or superior proposal.</p> <p>Sections 1.4 and 1.5 of this Target's Statement set out more details about Sunland's future in the event that the Offer is not successful. You may also continue to be exposed to the risks of holding Sunland Shares, which are described in more detail in Section 6.6.</p>
<p><b>When will I receive the Declared Dividend?</b></p>	<p>The Declared Dividend will be paid on 26 July 2024 to Sunland Shareholders who are entitled to it on the Record Date.</p>
<p><b>When will I receive the Offer Price if I accept the Offer?</b></p>	<p>If you accept the Offer, and the Bid Conditions are satisfied or waived, the Bidder will pay you the Offer Price to which you are entitled under the terms of the Offer, on or before the earlier of:</p> <ul style="list-style-type: none"> <li>(a) the day that is 1 month after you accept the Offer or, if the Offer is subject to the Bid Conditions when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and</li> <li>(b) the day that is 21 days after the end of the Offer Period.</li> </ul>

Question	Answer
<b>Will I need to pay stamp duty if I accept the Offer?</b>	Section 7.3 of the Bidder's Statement states that the sale of the Sunland Shares should not give rise to any stamp duty liability for existing Sunland Shareholders.
<b>What are the tax implications of accepting the Offer?</b>	<p>This depends on your personal tax position and the price and time at which you originally acquired your Sunland Shares. A general outline of taxation considerations in relation to the Offer is set out in section 7 of the Bidder's Statement and Section 6.8 of this Target's Statement.</p> <p>You should consult with your taxation adviser for detailed advice before making a decision whether or not to accept the Offer.</p>
<b>What happens to my acceptance if the Offer lapses?</b>	The Offer will lapse if, at the end of the Offer Period, the Bid Conditions have not been satisfied or waived. If the Offer lapses, acceptances given by Sunland Shareholders will be void. Sunland Shareholders will continue to own the Sunland Shares which were the subject of any such acceptances, and will be free to deal with those Sunland Shares.
<b>Who should I call if I have questions?</b>	<p>If you need any more information about the Offer, any further queries or questions regarding how to accept the offer, we recommend that you seek professional advice, or call the Sunland takeover information line on 1800 642 133 (from within Australia) or +61 1800 642 133 (from outside Australia), Monday to Friday between 8.30am and 7.30pm (Sydney time) or go to <a href="https://www.sunlandgroup.com.au/">https://www.sunlandgroup.com.au/</a>.</p>

## **4. Information on Sunland**

### **4.1 Introduction**

- (a) In October 2020, Sunland announced its strategy to return net assets to Sunland Shareholders. At that time, the net asset value of the Sunland Group was \$2.56 and shares were trading at \$1.33 per Sunland Share (being the volume weighted average for 30 days prior to the announcement). The announcement included details of Sunland's capital management initiatives undertaken over the previous 10 years in an effort to reduce the trading discount of Sunland shares against net asset value of the shares. Such initiatives included share buy-back programs to reduce issued capital, dividend distributions, counter-cyclical acquisitions and other business initiatives to manage capital allocation for projects. The discount to market price of Sunland Shares was not rectified by these initiatives and Sunland embarked on the Strategy to return net asset value to Sunland Shareholders to deliver a premium to the historic trading price.
- (b) Sunland has since periodically provided updates on the progress of the Strategy. The Sunland Group has ongoing Operating and Strategy Costs which are estimated to continue through to 2029/2030 at which time the directors would assess the most appropriate way of finalising the Strategy and returning any surplus capital to shareholders.
- (c) If the Offer is successful, the Strategy would have realised for each share: dividends of \$2.525, capital return of \$0.90 and consideration under this bid of \$0.045. The dividends have also attached franking credits at the relevant tax rate at the time the dividends were paid.
- (d) On 30 October 2023, Sunland was removed from the official list of the ASX, following approval by its shareholders at the Annual General Meeting held on 29 September 2023.
- (e) There has been no platform for the buying and selling of Sunland Shares since the Sunland Delisting and consequently Sunland Shareholders wishing to sell their shares have not been able to do so unless they are sold through off market transactions, making Sunland Shares relatively illiquid.
- (f) The successful bid by the Bidder will provide a liquidity event and enable Sunland Shareholders to crystallise their investment in Sunland Shares.

### **4.2 Business activities**

- (a) The principal activities of the Sunland Group were residential property development and construction. The progression of the Strategy, since its announcement in October 2020, has seen the completion of all remaining development activities and non-development inventory fully sold. The Sunland Group has not developed any new projects, has no material business activities and is solely focused on the fulfilment of its obligations associated with completed project maintenance and defect rectification as required by law. This will continue until such time as the unexpired defect liability periods lapse and obligations are fulfilled.
- (b) The Directors are now focused on managing capital requirements to satisfy its remaining obligations regarding the maintenance of completed projects, ongoing defect rectification and in accordance with applicable legislation, contingent liabilities that may crystallise and any costs that may be incurred in ultimately finalising the Strategy. The last defects liability period is not scheduled to expire until December 2029.
- (c) The Operating and Strategy Costs that may be incurred are difficult to forecast through to expiry of the defect periods. The Directors are required to continue to retain capital to meet the Sunland Group's future financial obligations.

### 4.3 Financial information

#### **Important Note – Forward Looking Statements**

The information in this section includes prospective financial information and other forward-looking statements (“**forward looking statements**”), which include all information and statements other than information and statements of historical fact.

It has been included on the basis that Sunland Shareholders reasonably require the information to make an informed assessment about the Offer, specifically whether or not to accept the Offer or remain a Sunland Shareholder.

The forward-looking statements in this section (and otherwise in the Target's Statement) reflect views held by Sunland Directors based on reasonable grounds, as at the date of this Target's Statement.

However Sunland Shareholders should note that forward-looking statements are only expectations or predictions and are subject to inherent risks and uncertainties in that they may be affected by inaccurate assumptions (including those set out in the ‘Notes and assumptions for forecasts’ set out below), or a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Sunland. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any prospective financial information or other forward-looking statement.

All forward-looking statements attributable to Sunland, or persons acting on behalf of Sunland, are expressly qualified in their entirety by the cautionary statements in this section. Except as expressly required under the Corporations Act, Sunland makes no undertaking to publicly update or revise any forward-looking statements provided in this Target's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Sunland, its officers, advisers, employees, nor any other person (including any person involved in the preparation of this Target's Statement), subject to the Corporations Act, gives any representation or warranty (express or implied) or gives any assurance or guarantee as to the accuracy or likelihood of fulfilment of any prospective financial information or other forward-looking statements, or any events or results expressed or implied in any forward-looking statements, except to the extent required by law.

Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

- (a) Sunland Shareholders may view complete copies of the audited financial statements of Sunland for the year ended 30 June 2023 and the reviewed financial statements for the half year ended 31 December 2023 on Sunland's website at <https://www.sunlandgroup.com.au/>.
- (b) Sunland Shareholders should refer to the Annual Report for detailed disclosures in relation to the historical financial performance, financial position and accounting policies of Sunland.
- (c) The financial information in this Section is presented for the purposes of enabling Sunland Shareholders to assess the Offer. It is in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report.
- (d) Sunland has continuing defect rectification obligations associated with its development and construction operations which run off through the period to approximately 2029/2030. During this period Sunland will incur Operating and Strategy Costs and other potential unforeseen contingent liabilities could also crystallise. Capital must be set aside to meet these obligations and contingent liabilities, and whilst interest income will be generated to assist in covering these costs and liabilities, the forecast revenue, Operating and Strategy Costs and contingent liabilities are difficult to forecast.
- (e) Directors have therefore been necessarily conservative in retaining sufficient capital to meet future Operating and Strategy Costs and contingent liabilities until all obligations have been fulfilled. If the Offer is unsuccessful, Sunland will continue to incur these costs through to 2029/2030 when obligations are expected to have been fulfilled.
- (f) The below table forecasts the pro forma balance sheet of Sunland, assuming the Strategy is completed in 2029/2030 utilising the assumptions of revenue and costs that may be incurred through the course of completing the Strategy.

\$ millions	Management Accounts 31/05/2024 (unaudited)	Dividends paid and proposed	Operating & Strategy Costs	Pro Forma September 2024 (Offer Close)	Operating and Strategy Costs to 2029/2030	Pro Forma End Defect Liability Period
<b>ASSETS</b>						
Cash and cash equivalents	\$25.6	(\$6.2)	(\$4.0)	\$15.4	(\$2.6)	\$12.8
Receivables, Deferred Tax and Other Assets	\$3.3		(\$0.2)	\$3.1	(\$3.1)	\$0.0
<b>TOTAL ASSETS</b>	<b>\$28.9</b>	<b>(\$6.2)</b>	<b>(\$4.2)</b>	<b>\$18.5</b>	<b>(\$5.7)</b>	<b>\$12.8</b>
<b>LIABILITIES</b>						
Trade creditors, Provisions and Other payables	\$3.5	-	(\$1.4)	\$2.1	(\$2.1)	\$0.0
<b>TOTAL LIABILITIES</b>	<b>\$3.5</b>	<b>-</b>	<b>(\$1.4)</b>	<b>\$2.1</b>	<b>(\$2.1)</b>	<b>\$0.0</b>
<b>EQUITY (Net Assets)</b>	<b>\$25.4</b>	<b>(\$6.2)</b>	<b>(\$2.8)</b>	<b>\$16.4</b>	<b>(\$3.6)</b>	<b>\$12.8</b>

### Notes and assumptions for forecasts

Management accounts as at 31/05/24 are based on financials published for the half year ended 31 December 2023 and account for material items that have occurred for the period from 1/01/23 to 31/05/24 including Operating and Strategy Costs and interest revenue.

Care should be taken using the forecast information provided in the table above, which will be earned or incurred in future periods. The potential capital available for distribution is based on these forecasts and does not reflect a present value. The information has been provided to assist Sunland Shareholders better understand the potential financial outcome of the Strategy between now and its conclusion in 2029/2030.

The table adjusts for dividends paid and proposed, being the dividend of 4.0 cents per Sunland Share paid on 25 June 2024 and the Declared Dividend of 0.5 cents per Sunland Share, further forecasted Operating and Strategy Costs to be incurred and revenue generated through to the end of the Offer Period.

Franking credits available following payment of the dividends are estimated to be \$5.5 million. The availability or otherwise of the franking credits through the period to when the Strategy is completed has not been forecast.

Forecasts through to the expected finalisation of the Strategy in 2029/2030 are included to forecast a pro forma balance sheet on completion of the Strategy. Material items contained in the forecast include:

- (a) Revenue. Interest generated on cash balances for the period totalling \$3.0 million. This forecast is dependent on cash balances and interest rate assumptions over the period.
- (b) Operating and Strategy Costs. These have been forecast using a range of assumptions including the past experience of Sunland as a property developer and include the following:

- (i) Project costs to complete - \$1.5 million. This relates to payment of creditors and project costs to be incurred to complete remaining construction and development obligations for projects in accordance with development approvals.
- (ii) Maintenance and warranty obligations - \$1.4 million. This assumes the warranties provided for previous projects are expensed through the period.
- (iii) Wages, salaries and leave entitlements - \$2.3 million. This includes staff salaries, statutory payments upon employee redundancies and continuing salaries and directors' fees. Continuing employment costs included in this forecast total approximately \$1.6 million through the period to December 2029.
- (iv) Insurance premiums estimated at \$3.2 million overall. This includes assumptions for the continuing annual renewal of directors' and officers' insurance policies, as well as a seven year run off policy for directors' and officers' insurance.
- (v) Sunland has taken out a seven-year run off insurance policy for professional indemnity claims that may arise from previous projects. This has been paid and the prepayment is expensed over the remaining term of the policy.
- (vi) Assumptions for the payment of insurance deductibles in circumstances where an insurance claim is made against the company. Overall, \$1.0 million.
- (vii) Administrative costs of approximately \$1.1 million are forecast to be incurred through to the end of the forecast period. This includes costs currently incurred by the business such as auditor and accounting fees, IT costs, stationary, register fees, as well as allowances for consultants who may assist with matters as required by the business.
- (viii) Deferred tax asset of \$1.7 million is assumed to be consumed or provided against over the forecast period.
- (ix) There has been no allowance for progressive distributions through to the end of the forecast period, rather assumed surplus funds are returned once defect liability periods have expired. Operating and Strategy Costs and potential contingent liabilities that may crystallise are difficult to forecast. Contingent liabilities include statutory liabilities for building defects in circumstances where defect liabilities are yet to expire. Statutory defect periods can generally extend for up to 6 years and 6 months in New South Wales and Queensland and 10 years in Victoria from when a building is completed. It is not presently known the extent of what defects may arise or what the cost to rectify such defects may be if there is an obligation to rectify them.
- (x) The above table shows a potential surplus of \$12.8 million assuming there are no substantial contingent liabilities that may crystallise as the statutory defect periods expire. There is no guarantee this value will be available for future distribution due to the difficulty in forecasting any potential crystallisation of contingent liabilities that may occur. Future distributions are reliant on the actual costs incurred by Sunland as these obligations are fulfilled through to the conclusion of the Strategy around December 2029.

## **5. Information on the Bidder**

### **5.1 Overview of the Bidder**

The Bidder is Sun Holdings GC Pty Ltd (ACN 677 077 771), an Australian proprietary company incorporated on 3 May 2024.

The Bidder is a wholly owned subsidiary of Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402) (**Homecorp (Aust)**), an Australian proprietary company incorporated on 22 July 2014.

Homecorp is a wholly owned subsidiary of Homecorp (Aust).

### **5.2 Principal activities of Bidder**

The Bidder is a special purpose vehicle, incorporated to act as the bidder under the Offer.

Homecorp is an Australian home developer and builder.

Homecorp's projects span key urban and regional development locations within Western Australia, Victoria, South Australia, New South Wales and Queensland with over \$2 billion in sales.

Homecorp also partners with Prime Life Technologies, a company owned by Toyota and Panasonic, to introduce sustainable designs, new products and features to Australian homes.

In 2014, Homecorp Constructions was launched, expanding Homecorp's capacity to provide a diverse range of designs and services within the construction industry and to deliver innovative and cost-effective construction solutions for their clients' projects.

### **5.3 Director the Bidder**

As at the date of the Bidder's Statement, the sole director of the Bidder is Ronny Muhuddine Bakir.

### **5.4 Publicly available information**

Further information in relation to Homecorp is available on its website <https://homecorp.com/>

Further information about the Bidder is set out in section 3 of the Bidder's Statement.

### **5.5 Sources and provisions of Offer Consideration**

You should read section 5 of the Bidder's Statement which sets out the Bidder's intentions in respect of the funding of the Offer Price.

At section 6.3 of the Bidder's Statement, the Bidder discloses that (among other things) Homecorp has entered into a binding commitment with the Bidder, obliging it to provide up to the full Offer Price funding to the Bidder as and when required by the Bidder.

## **6. Further matters for Sunland Shareholders to consider**

In making a decision whether or not to accept the Offer, you should carefully consider your personal circumstances and have regard to the following matters.

### **6.1 Possible decrease in the value of Sunland Shares**

As discussed at Section 1.5 of this Target's Statement, the Directors consider that the net asset value of Sunland Shares is more likely than not to fall in the absence of the Offer, or in the absence of another equivalent or superior proposal.



Since Sunland Delisting on 30 October 2023:

- (a) there has not been a platform for Sunland Shareholders to buy and sell Sunland Shares and consequently Sunland Shareholders may not be able to sell their Sunland Shares in the future if the Offer is unsuccessful; and
- (b) the value returned to Sunland Shareholders including dividends (including the Declared Dividend) (but excluding the value of any franking credits attached to them) combined with the Offer Price will be 9 cents per Sunland Share, if the Offer is successful.

The Independent Expert states in the Independent Expert's Report that "[t]he Takeover Offer represents a liquidity opportunity for Sunland Shareholders that would seek to realise their investment between now and the expected Realisation Date in or around December 2029. In the absence of the Takeover Offer (or a superior alternative offer emerging) Sunland Shareholders face significant illiquidity for their shares in the Company as they have done since its delisting from the ASX."

## **6.2 Other alternatives to Offer**

If you accept the Offer, then unless you become able to withdraw your acceptance in the circumstances described in Section 9.8 of this Target's Statement, you will forego the opportunity to benefit from any superior proposal by another party for your Sunland Shares should such a proposal eventuate.

As at the date of this Target's Statement, no superior proposal to the Offer has been put to Sunland or is currently under consideration by Sunland and the Directors are not aware of a proposal by anyone to make a superior proposal.

If the Bidder varies the Offer to increase the consideration it is offering for your Sunland Shares, you will be entitled to receive the increased consideration once the Bid Conditions have been satisfied, even if you have already accepted the Offer prior to the variation.

## **6.3 The Minimum Acceptance Condition**

The Offer is subject to the 90% minimum acceptance condition (as set out in Section 2.1 of the Bidder's Statement) and summarised briefly in Section 9.2 of this Target's Statement (the Minimum Acceptance Condition).

You should be aware that there is a risk that the Minimum Acceptance Condition may not be satisfied. If this occurs, and the Bidder does not waive the Minimum Acceptance Condition, the Offer will lapse and you will retain your Sunland Shares, even if you have previously accepted the Offer.

## **6.4 Bidder's intentions with respect to the Offer and Sunland**

You should read section 5 of the Bidder's Statement which sets out the Bidder's intentions in respect of the business and employees of Sunland.

## **6.5 Risk factors involved in accepting the Offer**

There are certain risks associated with accepting the Offer, including:

### **Possibility of a superior proposal emerging**

Once you have accepted the Offer, you will not be able to accept your Sunland Shares into any superior proposal that may emerge as you will have entered a binding contract for the sale of your Sunland Shares. As at the date of this Target's Statement, the Directors are not aware of a proposal by anyone to make a superior proposal.

## **6.6 Risks in remaining a Sunland Shareholder**

In considering this Target's Statement and the Offer, Sunland Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Sunland.

This Section describes some of the potential risks associated with Sunland's business and an investment in Sunland given the Strategy. An investment in Sunland exposes investors to the specific and general risks facing Sunland's business. Each of these risks could, if they eventuate, also have a material adverse effect on Sunland's business, financial condition, operating and financial performance and return to shareholders, and consequently a material adverse effect on your investment. Many of the circumstances giving rise to these risks are beyond the control of Sunland, its Directors and management.

The risk factors set out below are not exhaustive. Additional risks of which Sunland is unaware or that Sunland currently considers to be immaterial also have the potential to have a material adverse effect on Sunland's business, financial condition and operating and financial performance.

Sunland Shareholders should carefully consider and evaluate Sunland and its business and whether they should continue to hold Sunland Shares, having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. Sunland Shareholders should examine the full content of this Target's Statement and may wish to consult their financial or other advisers before deciding whether or not to accept the Offer.

### **Forecast revenue, operating costs and contingent liabilities**

Sunland has continuing defect rectification obligations associated with its development and construction operations, which run off through the period to approximately 2029/2030. During this period Sunland will incur Operating and Strategy Costs and other potential unforeseen contingent liabilities could also crystallise. Capital has been set aside to meet these obligations and contingent liabilities, and whilst interest income will be generated to assist in covering these costs and liabilities, the forecast revenue, Operating and Strategy Costs and contingent liabilities are difficult to forecast. Accordingly, the net asset value of the Sunland Shares will gradually decrease having the effect of reducing possible future distributions.

### **Litigation, disputes and investigations**

From time to time, Sunland may become involved in litigation, disputes and investigations by regulatory bodies and/or other third parties.

The Sunland Group is focused on the fulfilment of its obligations associated with completed project maintenance and defect rectification as required by law. This will continue until such time as the unexpired defect liability periods lapse and obligations are fulfilled. Litigation and disputes may be with or without merit. The costs of defending and settling legal claims can be substantial, even with respect to claims which have no merit.

When Sunland becomes subject to any legal proceedings, the inherent uncertainty of the litigation process could have a material adverse effect on Sunland's operational and/or financial position, through increased costs or the payment of damages.

### **Force majeure events**

Events may occur within or outside Australia that could impact upon the economy and the operations of Sunland. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, droughts, earthquakes, labour strikes, civil wars, natural

disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the Sunland Operating and Strategy Costs incurred by the business operated by Sunland as its obligations are fulfilled through to the expiry of all defect liability periods.

#### **Investment risk**

There are general risks associated with investments in equity capital. This risk is heightened given Sunland is an unlisted company and is undertaking its Strategy over a reasonably long period of time with limited ability to generate revenue. The Operating and Strategy Costs incurred by Sunland, together with contingent liabilities that may crystallise, are likely to decrease the net asset value of the Sunland Shares.

#### **Liquidity risk**

Sunland was removed from the Official List on 30 October 2023 and there is no platform for the trading of Sunland Shares. Consequently, unless off market transactions are available to the Sunland Shareholders, the shares remain illiquid.

#### **Control implications**

If the Offer results in the Bidder having a Relevant Interest in 90% or more of the Sunland Shares and the Bidder has acquired at least 75% (by number) of the Sunland Shares that it offered to acquire under the Offer. The Bidder may then proceed to compulsorily acquire all the remaining Sunland Shares in accordance with the Corporations Act.

Further information regarding the compulsory acquisition process is set out in Section 9.11 of this Target's Statement.

#### **Taxation implications**

Future changes in Australian taxation law, or changes in the interpretation or application of the law, may affect taxation treatment of an investment in Sunland Shares or the holding and disposal of those shares.

### **6.7 Transaction expenses**

The Offer has resulted in Sunland incurring expenses that would not otherwise arise from trading in the current financial year. Expenses include fees and costs payable to the Independent Expert and to legal and financial advisers engaged to assist with responding to the Offer and other transaction-related expenses which will have a negative impact on Sunland's cash position of between \$290,000 and \$320,000.

### **6.8 Taxation**

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances.

Section 7 of the Bidder's Statement contains a discussion of certain tax considerations for Sunland Shareholders. This is not intended to be an authoritative or complete statement of the tax position applicable to any given Sunland Shareholder.

The following are general comments made in relation to Australian resident Sunland Shareholders who are subject to Australian tax on the disposal of their Sunland Shares and hold their Sunland Shares on capital account. This summary does not address the consequences for any other Sunland Shareholder (in particular, it does not address the tax consequences for a Sunland Shareholder who is a non-resident).

In general terms, if you accept the Offer, a CGT event will be triggered. To the extent that the Offer Price exceeds the cost base of your Sunland Shares, you will derive a capital gain. This gain can be reduced by capital losses incurred in the same income year in which the CGT event is triggered. In addition, any prior-year capital losses you have incurred may also be able to be used to reduce any remaining capital gain.

Certain Sunland Shareholders (including individuals, trusts and complying superannuation funds which have held their Sunland Shares for 12 months or more) may be eligible to apply a discount percentage (the CGT Discount) to the remaining capital gain. The CGT Discount is 50% for individuals and trusts and 33.3% for complying superannuation funds. Where you are not eligible to apply the CGT discount, any net capital gain will be included in your calculation of taxable income and taxed at your marginal tax rate.

There is no CGT rollover relief for Sunland Shareholders in respect of any cash they receive in relation to the Sunland Shares that they own in Sunland.

Your income tax liabilities will depend on your personal circumstances and the decisions you make. The comments in this Section are general and do not address all of the taxation consequences for any Sunland Shareholder. This summary does not constitute, and should not be relied upon, as tax advice. This summary is based on Australian income tax law and practice applicable as at the date of this Target's Statement. This may change at any time and without notice.

**All Sunland Shareholders should obtain independent taxation advice, which is particular to their own personal circumstances, prior to making a decision whether or not to accept the Offer.**

Neither Sunland nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

## 7. Information relating to Directors

### 7.1 Details of Directors

The Directors of Sunland as at the date of this Target's Statement are:

Director	Position
Grant Harrison	Executive Director
Christopher Robin Freeman	Chairman; Non-Executive Director
Ronald John Eames	Non-Executive Director

### 7.2 Directors' Relevant Interests

At the date of this Target's Statement, except as set out below, no Director has a Relevant Interest in any of the securities of Sunland, the Bidder or any other Related Body Corporate of the Bidder.

Director	Number of Sunland Shares	Percentage
Grant Harrison	710,458	0.51%
Christopher Robin Freeman	50,000	0.04%
Ronald John Eames	30,000	0.02%

### 7.3 Recommendation of the Directors

Noting that the Independent Expert's Report has concluded that the Offer is fair and reasonable, each of the Directors unanimously recommend that Sunland Shareholders accept the Offer in respect of their Sunland Shares, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

### 7.4 Directors' intentions in relation to personal holdings

The Directors hold and control Sunland Shares, and these are set out in Section 7.2. Further detail of the Relevant Interests of each Director in Sunland Shares is set out above, at Section 7.2.

Each of the Directors intend to, with respect to their personal holdings of Sunland Shares, accept the Offer in the absence of a superior proposal.

### 7.5 Recent dealings in Sunland securities by Directors

There have been no acquisitions or disposals of Sunland Shares by Directors or any of their respective Associates in the four months preceding the date of this Target's Statement.

## **7.6 Recent dealings in the Bidder's securities by Directors**

None of the Directors have acquired or disposed of any securities of the Bidder or any Related Body Corporate of the Bidder in the 4 months preceding the date of this Target's Statement.

## **7.7 No agreement with any Director in connection with the Offer**

Except as described below in Sections 7.8 and 7.9, there is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Offer.

## **7.8 No interest in contracts**

No Director has an interest in any contract entered into by them with the Bidder.

## **7.9 Payments and benefits**

As a result of the Offer, no benefit (other than a benefit permitted by sections 200F, 200G of or 200H of the Corporations Act) will or may be given to a Director in connection with their retirement from office in Sunland or a Related Body Corporate of Sunland.

No Director has agreed to receive, or is entitled to receive, any benefit from the Bidder, which is conditional on, or is related to, the Offer.<sup>5</sup>

In accordance with the Bid Implementation Agreement, the Sunland Board will resign as soon as reasonably practicable after the Bidder has a Relevant Interest in at least 50.1% of Sunland Shares and the Bidder declares the Takeover Bid to be free from all Bid Conditions or the Offer otherwise becomes unconditional. Accordingly, they will receive their redundancy payments.

Sunland does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the Offer that will confer a benefit:

- (a) on any person in connection with the retirement of that person from a board or managerial office of Sunland or Related Body Corporate of Sunland; or
- (b) that will or may be given to any person in connection with the transfer of the whole or any part of Sunland's undertaking or property.

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<sup>5</sup> In accordance with clause 7.6 of the Bid Implementation Agreement, Sunland must procure the payment of the premium for run-off directors' and officers' liability insurance cover no later than immediately prior to the resignation of the current officers of Sunland. This may change the timing of the payment which would have otherwise been made by Sunland in the ordinary course of completing the Strategy, whether or not the Offer had been made.

## **8. Your choices as a Sunland Shareholder**

If you are a Sunland Shareholder, you have two choices available to you:

- (a) accept the Offer; or
- (b) reject the offer and do nothing.

The Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Sunland Shares.

### **8.2 Accept the Offer**

The Directors unanimously recommend that you accept the Offer in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is fair and reasonable.

#### **How to accept the Offer**

If you choose to accept the Offer, then your acceptance must be received by the Bidder before the end of the Offer Period. Instructions on how to accept the Offer are set out in section 2.2 of the Bidder's Statement and on the Acceptance Form in this booklet. If you want to accept the Offer, you should follow these instructions carefully to ensure that your acceptance is valid.

#### **Effect of acceptance**

If you accept the Offer and it becomes or is declared unconditional, you will be entitled to be paid the Offer Price by the Bidder in accordance with the terms of the Offer (see the section titled "Overview of the Offer" of the Bidder's Statement for further information on timing of payment of the Offer Price). Your acceptance of the Offer will not affect the payment of the Declared Dividend.

The effect of acceptance of the offer is explained in more detail in clause 7 of Appendix 1 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Sunland Shares and the representations and warranties that you are deemed by the Bidder to give to it by accepting the Offer.

It is worth noting that accepting the Offer would (subject to the possible withdrawal rights set out in Section 9.8 of this Target's Statement):

- (a) prevent you from participating in any competing superior proposal that may emerge;
- (b) commit you to selling all of your Sunland Shares to the Bidder with no right to payment until the Offer becomes, or is declared, unconditional; and
- (c) prevent you from otherwise selling your Sunland Shares.

The taxation implications of accepting the Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the Offer is set out in section 7 of the Bidder's Statement. You should seek your own specific professional advice regarding the taxation consequences for you in accepting the Offer.

### **8.3 Reject the offer and do nothing**

If you do not wish to accept the Offer and wish to retain your Sunland Shares, you do not need to take any action.

If you do not accept the Offer and the Bidder becomes entitled to compulsorily acquire your Sunland Shares under the Corporations Act (which entitlement it intends to exercise, as discussed in section 5.3 of the Bidder's Statement), you may receive your consideration later than Sunland Shareholders who choose to accept the Offer. Please refer to Section 9.11 for further details on compulsory acquisition.

Further, if the Offer is successful (i.e. if the defeating conditions attached to the Offer are satisfied or not triggered as appropriate, or are waived) but the Bidder does not become entitled to compulsorily acquire your Sunland Shares, you will remain a minority shareholder in Sunland, with potential risks, including those described in Section 6.6.

## **9. Important information about the Offer**

### **9.1 Offer Price**

The Offer Price under the Offer is \$0.045 cash per Sunland Share.

Sunland Shareholders (on the Record Date) will also receive the Declared Dividend of 0.5 cents (\$0.005) per Sunland Share whether or not they accept the Offer.

Sunland Shareholders (on the Record Date) who accept the Offer will effectively receive a total of 5 cents (\$0.05) per Sunland Share if the Offer becomes unconditional – being the Offer Price plus the Declared Dividend.

### **9.2 Bid Conditions of the Offer**

The Offer and the contract resulting from acceptance of the Offer are subject to the fulfilment of the Bid Conditions, as set out below:

#### **(a) Minimum acceptance condition**

Before the end of the Offer Period, the Bidder has a relevant interest in at least 90% (by number) of the Sunland Shares on issue at that time.

#### **(b) No regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) no preliminary or final decision, order or decree is made or issued;
- (ii) no action, proceeding or investigation is announced, commenced or threatened; and
- (iii) no application is made (other than by the Bidder or its associates),

by or to any regulatory organisation or government agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the Sunland Shares by the Bidder, the rights of the Bidder, in respect of Sunland and the Sunland Shares or the continued operation of the business of Sunland or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act), unless such matters have been fairly disclosed to the Bidder prior to the Announcement Date;

#### **(c) No prescribed occurrences**

- (i) No Prescribed Occurrence occurs between the Announcement Date and the commencement of the Offer Period (inclusive).



- (ii) No Prescribed Occurrence occurs during the Offer Period.

**(d) No material transactions**

Except for any proposed transaction reasonably full details of which are publicly announced by Sunland before the Announcement Date, none of the following events occurs between the Announcement Date and the end of the Offer Period (each inclusive) without the written consent of the Bidder:

- (i) Sunland or any of its Subsidiaries acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$100,000 or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such an acquisition or acquisitions;
- (ii) Sunland or any of its Subsidiaries disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$100,000 or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such a disposal;
- (iii) Sunland or any of its Subsidiaries enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership or dual listed company structure involving a commitment of greater than \$100,000 in any single transaction or an amount in aggregate in any series of transactions of more than \$100,000, or makes an announcement about such a commitment; or
- (iv) Sunland or any of its Subsidiaries incurs or commits to, or grants to another person a right the exercise of which would involve Sunland or any of its Subsidiaries incurring or committing to any capital expenditure or liability (excluding any Operating and Strategy Costs) for one or more related items of greater than \$100,000, or makes an announcement about such a commitment.

**(e) No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period, there is no occurrence of any change which has or could reasonably be expected to have a material adverse effect on the assets, Liabilities, financial position, performance or profitability of Sunland and/or its Subsidiaries of at least \$500,000, other than:

- (i) any matter, event or circumstance that is Fairly Disclosed, or actually known by the Bidder on or before the date of the Bid Implementation Agreement (including as a result of documents lodged with ASIC);
- (ii) any matter, event or circumstance arising from changes in law or economic, regulatory, political or business conditions in Australia or that affects or otherwise has an impact on Australia;
- (iii) any change in accounting policy required by law;
- (iv) any change resulting directly from a general deterioration in equity markets, interest rates, exchange rates or credit spreads or a disruption to financial markets of Australia;
- (v) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Takeover Bid or the transactions contemplated by them; or

- (vi) any change occurring with the written consent of the Bidder.

**(f) Conduct of Sunland's business**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of Sunland and any body corporate which is or becomes a Subsidiary of Sunland, without the written consent of the Bidder:

- (i) adopts a new constitution or makes any change to its constitution or passes any special resolution or proposes to do so;
- (ii) gives or agrees to give any encumbrance (including a security interest or mortgage) over any of its assets otherwise than in the ordinary course of business; or
- (iii) changes its board composition, including appointing additional directors, whether to fill a casual vacancy or otherwise, unless such appointment is required to comply with the Sunland's constitution or the Corporations Act.

**(g) No superior alternative proposal**

Between the Announcement Date and the end of the Offer Period (each inclusive), no alternative proposal to the Offer is announced that:

- (i) is recommended by any Director; or
- (ii) offers consideration that is higher than the consideration offered under the bid valued, as far as practicable, in accordance with the principles applying under section 621(3) of the Corporations Act and ASIC Regulatory Guide 9: *Takeover bids*.

**(h) No material litigation**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) none of Sunland and its Subsidiaries has threatened or commenced against it any material claims or proceedings in any court or tribunal (and a claim or proceeding is taken to be material if it may reasonably result in a judgment of \$100,000 or more), other than that which has been provisioned for by Sunland in the Target's Disclosure Materials, or has otherwise been Fairly Disclosed in the Target Disclosure Materials;
- (ii) the consideration under the Offer is required to be increased or the Bidder or one of its associates is required, or is reasonably likely to be required, to pay any amount to any one or more Sunland Shareholders in connection with the Offer as a result of:
  - (A) any litigation that is commenced, is threatened to be commenced, announced or is made known to Sunland (whether or not becoming public); or
  - (B) any preliminary or final decision or order of any regulator or other government agency, other than as a result of the Bidder publicly undertaking to increase the consideration under the Offer or the Bidder lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer; or
- (iii) the aggregate liability of Sunland and its Subsidiaries under or in connection with any existing claim or proceeding in any court or tribunal is or is likely to be materially more than the provision made for the claim or proceeding in Sunland's last management accounts or otherwise in the Target's Disclosure Materials; or if no provision has been made, is or likely to be more than \$100,000,

unless the doing of that thing was specifically publicly disclosed before the Announcement Date or otherwise Fairly Disclosed in the Target's Disclosure Materials.

### **9.3 Likelihood of satisfaction of the Bid Conditions**

As at the date of this Target's Statement, Sunland is not aware of whether or not all Bid Conditions will be satisfied or waived by the Bidder, including the Minimum Acceptance Condition discussed at 9.4.

### **9.4 Likelihood of satisfaction of the Minimum Acceptance Condition**

Except as described below, as at the date of this Target's Statement, Sunland is not aware of whether the Minimum Acceptance Condition will be satisfied or waived by the Bidder.

### **9.5 Implications of the Bid Conditions not being satisfied**

If any of the Bid Conditions, including the Minimum Acceptance Condition, of the Offer are not satisfied, they may be waived by the Bidder at any time, not less than 7 days before the end of the Offer Period.

If the Bid Conditions are unsatisfied and have not been waived, the Bidder will have a choice either to:

- (a) waive the Bid Conditions (provided that it does this not less than 7 days before the end of the Offer Period) and proceed with the acquisition of Sunland Shares in respect of which it has received acceptances under the Offer; or
- (b) allow the Offer to lapse with the unsatisfied Bid Conditions in which case it will not acquire any Sunland Shares under the Offer.

### **9.6 Offer Period**

The Offer will be open for acceptance from 25 July 2024 until 7:00pm (Sydney time) on 2 September 2024, unless extended or withdrawn (see Section 9.7 below).

The circumstances in which the Bidder may vary or withdraw the Offer are set out in clauses 8 and 9 of Appendix 1 of the Bidder's Statement.

### **9.7 Withdrawal of Offer**

The Bidder may not withdraw the Offer if you have already accepted it. However, if the Bid Conditions have not been satisfied or waived at the end of the Offer Period, then all acceptances will be void.

Before you accept the Offer, the Bidder may withdraw offers made in respect of the Offer only with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

### **9.8 Withdrawal of your acceptance**

Once you accept the Offer (even if it remains subject to the Bid Conditions) you will not be able to sell or otherwise deal with your Sunland Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Sunland Shareholders may only withdraw their acceptance of the Offer if:

- (a) the Bid Conditions are not satisfied or waived by the end of the Offer Period. In that situation, you will be free to deal with your Sunland Shares; or

- (b) the Bidder varies the Offer in a way that postpones the time when the Bidder is required to satisfy its obligations (i.e., to pay the Offer Price) by more than 1 month; for example, if the Bidder extends the Offer Period by more than 1 month, while the Offer is still conditional.

Sunland Shareholders who accept the Offer (even while it is still subject to the Bid Conditions) will give up their rights to sell or otherwise deal with their Sunland Shares, unless the above withdrawal rights are exercised. Sunland Shareholders who accept the Offer will be unable to withdraw their acceptance and accept a superior proposal if one emerges, except in the limited circumstances set out above.

## **9.9 When you will receive payment**

If you accept the Offer and the Bid Conditions are satisfied or waived before the end of the Offer Period, the Bidder will pay you the Offer Price to which you are entitled on or before the earlier of:

- (a) the day that is 1 month after you accept the Offer or, if the Offer is subject to the Bid Conditions when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day that is 21 days after the end of the Offer Period.

## **9.10 Notice of status of Bid Conditions**

Clause 6.5 of Appendix 1 of the Bidder's Statement indicates that the date for giving the notice on the status of the Bid Conditions (**Condition Notices**) is the date seven days before the end of the Offer Period (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

The Bidder is required to set out in Condition Notices:

- (a) whether the Offer is free of the Bid Conditions;
- (b) whether, so far as the Bidder knows, the Bid Conditions has been fulfilled on the date Condition Notices are given; and
- (c) the Bidder's Voting Power in Sunland (including Voting Power acquired as a result of acceptances received under the Offer).

If the Offer Period is extended before the date on which the Bidder gives Condition Notices, the date for giving Condition Notices will be postponed for the same period, and the Bidder is required to notify Sunland Shareholders of the new date for the Bidder to give the Condition Notice.

If the Bid Conditions are satisfied or waived (so that the Offer becomes unconditional) before the date on which Condition Notices are required to be given, the Bidder must, as soon as practicable after it has been satisfied, give Sunland a notice that states that the Bid Conditions has been satisfied, and similarly, give a notice to Sunland.

## **9.11 Compulsory acquisition**

The Bidder has stated in section 5.3 of the Bidder's Statement that it intends to compulsorily acquire all outstanding Sunland Shares if it is entitled to do so.

The two types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

### **Follow on compulsory acquisition**

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, the Bidder has (together with its Associates):

- (a) a Relevant Interest in at least 90% (by number) of Sunland Shares; and
- (b) has acquired at least 75% (by number) of the Sunland Shares that it offered to acquire under the Offer.

Then the Bidder will be entitled to compulsorily acquire any outstanding Sunland Shares for which it did not receive acceptances, on the same terms as the Offer.

If these thresholds are met, the Bidder will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to Sunland Shareholders who have not accepted the Offer. Sunland Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Sunland Shareholders to establish to the satisfaction of a Court that the terms of the Offer do not represent “fair value”, as defined in the Corporations Act.

The Bidder must also offer to buy out remaining Sunland Shares held by Sunland Shareholders if the Bidder (and its Associates) have a Relevant Interest in at least 90% of Sunland Shares (by number) at the end of the Offer Period.

Sunland Shareholders should be aware that if they do not accept the Offer and their Sunland Shares are compulsorily acquired, those Sunland Shareholders will face a delay in receiving the Offer Price compared with Sunland Shareholders who accepted the Offer. However, these Sunland Shareholders will be paid the last price offered by the Bidder for Sunland Shares under the Offer.

### **General compulsory acquisition**

Sunland Shareholders should also be aware that if the Bidder does not become entitled to compulsorily acquire Sunland Shares in accordance with Part 6A.1 of the Corporations Act, the Bidder may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, if the Bidder (or together with its Related Bodies Corporate) acquire full beneficial interests in at least 90% of Sunland Shares.

## **10. Additional information**

### **10.1 Issued capital**

As at the date of this Target’s Statement, Sunland’s issued capital comprises 136,909,515 fully paid ordinary shares.

### **10.2 Substantial and largest holders**

As at 18 July 2024, based on information available to Sunland, the top 5 largest Sunland Shareholders (including substantial shareholders) are:

<b>Name</b>	<b>Number of Sunland Shares</b>	<b>% of Sunland Shares</b>
Havannah Pty Limited	29,250,000	21.36
Pacific Development Corporation Pty Limited	20,750,000	15.16

BNP Paribas Nominees Pty Limited	8,431,844	6.16
Citicorp Nominees Pty Limited	5,826,376	4.26
AACCT Limited	4,000,000	2.92

### 10.3 Disclaimer

Each person named in this Section as having given its consent to being named in, or to the inclusion of a statement in, this Target's Statement:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, other than those statements which have been included in this Target's Statement with the consent of that person; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to their name and any statements or reports which have been included in this Target's Statement with the consent of that person.

#### Copies of documents

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Sunland has relied on this Class Order relief.

As permitted by ASIC Corporations (Takeover Bids) Instrument 2023/683, this Target's Statement may include or be accompanied by statements which are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to this ASIC Class Order, provided this Target's Statement fairly represents such statements and identifies any documents (or the part of any documents) that contain the statements, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Sunland Shareholders are entitled to obtain from Sunland free of charge during the Offer Period any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact Sunland and documents lodged with ASIC in relation to the Offer may also be obtained from, or inspected at, an ASIC office.

As permitted by the ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or statement by an official person, or statements from a public official document or a published book, journal or comparable publication. Pursuant to this ASIC Instrument, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

#### Independent Expert's consent

Grant Thornton has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to:

- (a) be named in this Target's Statement as the independent expert engaged by Sunland in the form and context in which it is named;
- (b) the inclusion of the Independent Expert's Report and statements noted next to its name, and the references to that report or statements, in the form and context in which they are included in the Target's Statement; and
- (c) the inclusion of other statements in this Target's Statement that are based on or referable to statements made in the Independent Expert's Report or statements that are based on or referable to other statements made by those persons in the form and context in which they are included in the Target's Statement.

#### **Other persons**

**Holding Redlich** has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Sunland's Australian legal adviser in the form and context in which it is named.

**Ernst & Young** has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Sunland's tax adviser in the form and context in which it is named.

**Link** has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Sunland's share registry in the form and context in which it is named.

**The Bidder** has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the bidder in the form and context in which it is named.

**Homecorp** has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement in the form and context in which it is named.

**Homecorp (Aust)** has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement in the form and context in which it is named.

#### **10.4 Continuous disclosure**

Sunland is an unlisted disclosing entity under the Corporations Act and is subject to continuous disclosure obligations under the Corporations Act. These obligations require Sunland to notify information about particular matters and events as they occur for the purpose of making that information available to Sunland Shareholders.

Copies of documents lodged with ASIC in relation to Sunland may be obtained from, or inspected at, an ASIC office. Sunland Shareholders may obtain a copy of:

- (a) the Annual Report;
- (b) the Half-Yearly Report;
- (c) Sunland's constitution; and
- (d) any document lodged by Sunland with the ASX prior to Sunland's removal from the official list of the ASX,

free of charge upon request by contacting Sunland, or from Sunland's website <https://www.sunlandgroup.com.au/>.

Sunland Shareholders are also encouraged to monitor the Sunland website at <https://www.sunlandgroup.com.au/> for any updates on the Offer.

## **10.5 Insurance and indemnities**

Sunland has entered into standard form of deeds of indemnity with its Directors against all liabilities which they may incur in the performance of their duties as Directors or officers of Sunland, except liability to Sunland or a Related Body Corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct involving a lack of good faith. Subject to the Corporations Act, Sunland is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity.

In addition, each Director is indemnified, as authorised by Sunland's constitution, against personal liability arising from their respective positions with Sunland and its Related Bodies Corporate.

Sunland holds a directors' and officers' liability insurance policy on behalf of the Directors and officers of Sunland and its Controlled Entities.

Sunland pays premiums in respect of a directors and officers insurance policy for the benefit of the Sunland Directors. In accordance with the terms of the Bid Implementation Agreement, Sunland intends to enter into arrangements to secure a directors and officers run-off insurance policy for the Sunland Directors for up to a seven-year period from their respective retirement dates (including by paying the premium for such policy).

## **10.6 Litigation**

Sunland is not subject to any actual, pending or threatened litigation that is likely to have a material impact upon the business of Sunland so far as the Directors are aware.

## **10.7 Regulatory approval**

Sunland has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Takeover Bid.

## **10.8 Bid Implementation Agreement**

On 2 July 2024, Sunland and Homecorp entered into the Bid Implementation Agreement which sets out the basis on which the Bidder will make the Offer and the respective obligations of Sunland and the Bidder in relation to the Offer.

A summary of these provisions and other key terms of the Bid Implementation Agreement is set out below:

- (a) Under the Offer, Sunland shareholders will receive \$0.045 for each Sunland share held and accepted into the Offer, subject to the satisfaction or waiver of the conditions of the Offer which include a 90% minimum acceptance condition and other customary conditions.
- (b) The Offer is conditional upon a number of matters set out in the Bid Implementation Agreement, including:
  - (i) minimum acceptance of at least 90% of Sunland's shares;
  - (ii) no material adverse change;



- (iii) no prescribed occurrences;
- (iv) no regulatory action or material acquisitions,  
amongst other conditions.
- (c) At any time during the Offer period, the Bidder may choose to waive any one or all of the conditions of the Offer, declare the Offer unconditional and/or extend the Offer period.
- (d) The Offer will open on 25 July 2024 and will close at 7:00pm (Sydney time) 2 September 2024 (unless extended).

#### **10.9 No material change to the financial position of Sunland**

The financial position of Sunland has not, so far as is known by the Directors, materially changed since 30 June 2023, being the date of the Annual Report, other than:

- (a) in respect of the incurring of actual and contingent transaction costs (including legal and financial advisory fees) associated with the Offer, as described in Section 6.7; and
- (b) as described elsewhere in this Target's Statement.

#### **10.10 Effect of the Offer on Sunland's material contracts**

The success or otherwise of the Offer is not expected to affect any material rights or obligations under any of Sunland's material contracts.

#### **10.11 No other material information**

This Target's Statement is required to include all the information that Sunland Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but only to the extent to which it is reasonable for Sunland Shareholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director of Sunland.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of Sunland Shares;
- (b) the matters that Sunland Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of Sunland Shareholders; and
- (d) the time available to Sunland to prepare this Target's Statement.

The Directors are of the opinion that the information that Sunland Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Offer is in one or more of:

- (a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) Sunland's annual reports including the Annual Report;

- (c) documents lodged by Sunland with ASIC before the date of this Target's Statement;  
and
- (d) the information contained in this Target's Statement.

The Directors have assumed that, for the purposes of preparing this Target's Statement, the information in the Bidder's Statement is accurate. However, the Directors and their advisers do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

## 11. Definitions and interpretation

### 11.1 Definitions

**Acceptance Form** means the form of acceptance and transfer accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of the Bidder, including online acceptance or in physical form.

**Accounting Standards** means the rules about how a company must prepare its accounts in, prescribed by or specified under, the Corporations Act.

**Announcement Date** means 2 July 2024, being the date of announcement of the Offer.

**Annual Report** means Sunland's 2023 Annual Report.

**ASIC** means the Australian Securities & Investments Commission.

**Associate** has the meaning in section 12 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**Bid Conditions** means the conditions as set out at section 2.1 of the Bidder's Statement.

**Bid Implementation Agreement** means the bid implementation agreement entered into between Sunland and Homecorp dated 2 July 2024 in relation to the Offer.

**Bidder** means Sun Holdings GC Pty Ltd (ACN 677 077 771).

**Bidder's Statement** means the Bidder's bidder's statement dated 19 July 2024.

**Business Days** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales.

**CGT** means capital gains tax under the *Income Tax Assessment Act 1997* (Cth).

**CGT Discount** has the meaning given in Section 6.8.

**Condition Notices** has the meaning given in Section 9.10 of this Target's Statement.

**Condition Period** means the period beginning on the Announcement Date and ending on the date that ends the Offer Period.

**Controlled Entities** has the meaning given in the Accounting Standards.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Declared Dividend** means the dividend of \$0.005 cash Sunland Share announced by Sunland on 2 July 2024 to be paid on 26 July 2024 to Sunland Shareholders eligible to it

on the Record Date (which is a Permitted Dividend under the Bid Implementation Agreement). Full details of this dividend are contained in Sunland's company announcement dated 2 July 2024, a copy of which is available on Sunland's website.

**Director** means a director of Sunland as at the date of this Target's Statement.

**Fairly Disclosed** has the meaning given to that term in the Bid Implementation Agreement.

**Half-Yearly Report** means Sunland's half-yearly financial report for half year ended 31 December 2023.

**Homecorp** means Homecorp Property Group Pty Ltd (ACN 162 293 763).

**Homecorp (Aust)** means Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402).

**Independent Expert** means Grant Thornton Corporate Finance Pty Limited ABN-59 003 265 987, ACN-003 265 987, AFSL-24714.

**Independent Expert's Report** means the report prepared by the Independent Expert, a copy of which is attached to this Target's Statement as Annexure A.

**Minimum Acceptance Condition** has the meaning given in Section 6.3.

**Offer or Takeover Offer** means the offer by the Bidder to acquire Sunland Shares on the terms and conditions contained in the Bidder's Statement.

**Offer Period** means the period from 25 July 2024 until 7:00pm (Sydney time) on 2 September 2024 unless the Offer is extended or withdrawn.

**Offer Price** means the consideration offered under the Offer which at the date of this Target's Statement is \$0.045 cash per Sunland Share.<sup>6</sup>

**Operating and Strategy Costs** means Sunland's ongoing obligations or remaining expenses or liabilities including staff salaries, employee entitlements, necessary operating expenses, maintenance of completed projects, defects rectification as required by law (including contingent liabilities for building defects, where defects liability periods on its developments have not yet expired) and other operational costs that may arise or crystallise as the Strategy is completed.

**Permitted Dividend** has the meaning given to that term under the Bid Implementation Agreement.

**Prescribed Occurrence** means any event referred to in subsections 652C(1) or (2) of the Corporations Act occurring in relation to Sunland, other than an event occurring in the ordinary course of Sunland progressing implementation of the Strategy, provided such event is not intended to, or is not reasonably be expected to materially impede the Takeover Bid.

**Record Date** means the record date for the Declared Dividend, being 5 July 2024.

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<sup>6</sup> Note that the Declared Dividend was permitted under the Bid Implementation Agreement and reduced the Offer Price payable by the Bidder from 5 cents (\$0.05) to 4.5 cents (\$0.045).

**Related Bodies Corporate** has the meaning given under the Corporations Act except, for the purposes of this Target's Statement, Sunland and its subsidiaries (as defined in the Corporations Act) are not be taken to be Related Bodies Corporate of the Bidder.

**Relevant Interest** has the meaning given in the Corporations Act.

**Strategy** has the meaning given to that term in the Letter from the Sunland Chairman on page 5 of this Target's Statement.

**Sun Holdings** means Sun Holdings GC Pty Ltd (ACN 677 077 771).

**Sunland** means Sunland Group Limited (ACN 063 429 532).

**Sunland Board** means the board of Directors of Sunland.

**Sunland Delisting** means Sunland's removal from the official list of the ASX, which occurred on 30 October 2023.

**Sunland Group** means Sunland and its Related Bodies Corporate.

**Sunland Share** means a fully paid ordinary share in the capital of Sunland.

**Sunland Shareholder** means a holder of Sunland Shares.

**Section** a section of this Target's Statement.

**Sunland Share Registry** means Link Market Services Limited (ABN 54 083 214 537).

**Takeover Bid** means the takeover bid constituted by the Offer.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Target's Disclosure Materials** has the meaning given to that term in the Bid Implementation Agreement.

**Target's Statement** means this document, being Sunland's target's statement.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

## 11.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) a reference to **this Target's Statement** or another document means this Target's Statement or that other document and any document which varies, supplements, replaces, assigns or novates this Target's Statement or that other document;
- (b) a reference to **legislation** or a **legislative provision** includes any statutory modification, or substitution of that legislation or legislative provision and any subordinate legislation issued under that legislation or legislative provision;
- (c) a reference to a **body** or **authority** which ceases to exist is a reference to either a body or authority that the parties agree to substitute for the named body or authority or, failing agreement, to a body or authority having substantially the same objects as the named body or authority;
- (d) a reference to a **section**, **paragraph** **schedule** or **annexure** is a reference to a section, paragraph, a schedule or an annexure to or of this Target's Statement;

- (e) **clause headings** and the **table of contents** are inserted for convenience only and do not form part of this Target's Statement;
- (f) the **schedules** and **annexures** (if any) form part of this Target's Statement;
- (g) a reference to a **person** includes a natural person, corporation, statutory corporation, partnership, the Crown or any other organisation or legal entity;
- (h) a reference to a **natural person** includes their personal representatives, successors and permitted assigns;
- (i) a reference to a **corporation** includes its successors and permitted assigns;
- (j) **related** or **subsidiary** in respect of a corporation has the same meaning given to that term in the Corporations Act;
- (k) **including** and **includes** are not words of limitation;
- (l) the words **at any time** mean at any time and from time to time;
- (m) a reference to time is a reference to time in Brisbane, Queensland;
- (n) a reference to writing includes electronic mail transmissions;
- (o) a word that is derived from a defined word has a corresponding meaning;
- (p) **monetary amounts** are expressed in Australian dollars;
- (q) the singular includes the plural and vice-versa;
- (r) words importing one gender include all other genders; and
- (s) a reference to a thing includes each part of that thing.

**12. Approval of Target's Statement**

This Target's Statement is dated 19 July 2024 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of Sunland.

Signed for and on behalf of Sunland:



**Grant Harrison**

Director



**Ronald Eames**

Non-executive Director



**Christopher Freeman**

Non-executive Director

## **Annexure A : Independent Expert's Report**

# Sunland Group Limited

Independent Expert's Report and Financial Services Guide

19 July 2024



The Directors  
Sunland Group Limited  
GPO BOX 603  
BRISBANE QLD 4001

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**Grant Thornton Corporate  
Finance Pty Ltd**  
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1230  
T +61 2 8297 2400

19 July 2024

Dear Directors

## Independent Expert's Report and Financial Services Guide

### Introduction

Sunland Group Limited ("Sunland" or the "Company") is a property development company headquartered in Queensland that until recently was listed on the Australian Securities Exchange ("ASX")<sup>1</sup>. Following a strategic review of its operations in October 2020, the Company has worked to complete active projects and sell certain undeveloped inventory with the intention to convert assets to cash and repay its liabilities to return net assets to Sunland shareholders ("Sunland Shareholders"). Sunland had a market capitalisation of approximately A\$10 million<sup>2</sup> on final close before de-listing.

Homecorp Property Group Pty Ltd ("Homecorp") is a residential urban community development company headquartered on the Gold Coast in Queensland. Founded in 2004 by Ron Bakir, Homecorp has developed over 10,000 dwellings across 24 successful projects in key urban and regional development locations throughout Australia, primarily in Queensland.

On 19 April 2024, Sunland received a non-binding indicative offer ("NBIO") from Homecorp (or its nominee) to acquire, by way of an agreed off-market takeover, 100% of the shares in Sunland that it did not already own ("Relevant Interest") for cash consideration of A\$0.08 per Sunland share ("Sunland Share"). The proposed consideration in the NBIO will be reduced by the amount of any dividend declared

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<sup>1</sup> On 30 October 2023 Sunland Group Limited was de-listed from the ASX following approval by its shareholders at its annual general meeting held on 29 September 2023.

<sup>2</sup> Based on total ordinary shares outstanding of 136,909,515 and the share price of Sunland on final close of A\$0.073 per share before de-listing.

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**ABN-59 003 265 987 ACN-003 265 987 AFSL-247140**

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or paid before the takeover offer is made and assumes the Company will retain the balance of cash not distributed in such a dividend or used to meet its exit costs.

On 5 June 2024, Sunland announced a fully franked dividend of A\$0.04 per Sunland Share with a record date of 11 June 2024 and a payment date of 25 June 2024 (“FY24 Interim Dividend”). The FY24 Interim Dividend was A\$5,476,381 on the 136,909,515 issued shares in the Company. The FY24 Interim Dividend reduces the proposed consideration in the NBIO to A\$0.04 per Sunland Share.

On 2 July 2024, the Company announced that it had entered into a bid implementation agreement (“BIA”) with Homecorp pursuant to which, having completed its due diligence inquiries, it was proposed that Homecorp’s associate Sun Holdings GC Pty Ltd (“Sun Holdings” or “Bidder”) would acquire the Company by way of an off-market takeover bid (“Takeover Offer”) to purchase the Relevant Interest for cash consideration of A\$0.05 per Sunland Share (“Offer Price”). The BIA provides for any dividend paid by the Company following the date of the BIA (“Permitted Dividend”) to reduce the Offer Price payable by Homecorp under the Takeover Offer. On 2 July 2024, the Directors of Sunland (“Directors”) declared a dividend of A\$0.005 per share to be paid in July 2024. Such dividend will be a Permitted Dividend under the BIA and will reduce the Offer Price to A\$0.045 per Sunland Share.

Whilst Sunland and Homecorp have had previous arms-length commercial dealings, none of Homecorp, Sun Holdings or the Directors (or proposed Directors) of the entities are related parties or associates of Sunland. Furthermore, Sun Holdings does not hold any shares in Sunland and no director of Homecorp has been a director of Sunland.

## Purpose of the report and approach

The Directors have requested Grant Thornton Corporate Finance to prepare an Independent Expert’s Report (“IER”) stating whether or not the Takeover Offer is fair and reasonable to the Sunland Shareholders for the purposes of Section 640 of the Corporations Act 2001 (Cth) (“Corporations Act”).

In preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission’s (“ASIC”) Regulatory Guide 111 *Contents of expert reports* (“RG 111”) and Regulatory Guide 112 *Independence of experts* (“RG 112”). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Takeover Offer is FAIR and REASONABLE in the absence of a superior alternative offer emerging.**

## Fairness assessment

In forming our opinion on the fairness of the Takeover Offer, Grant Thornton Corporate Finance has compared the fair market value of Sunland Shares on a control basis to the Offer Price of A\$0.05 per Sunland share, reduced to A\$0.045 per Sunland Share by the Permitted Dividend of A\$0.005 payable in July 2024. In assessing the fair market value of Sunland we have considered the following:

- Sunland’s strategic plan to sell its undeveloped inventory and complete its active projects with the intention to convert assets to cash and repay all liabilities in order to return net asset value to Sunland Shareholders (the “Strategy”), embarked upon in October 2020.
- The net asset value method (“NAV Method”) assuming an orderly realisation of Sunland’s assets on a liquidation premise of value. In our analysis, we had regard to the unaudited balance sheet of Sunland in the management accounts as at 31 May 2024<sup>3</sup>, which we have adjusted to reflect the forecast operating cash flows and wind-down costs to be incurred by the Company as it continues to operate up till the last defect liability period lapses (“Operating and Strategy Costs”) estimated by the management of Sunland (“Sunland Management”), including our assessment for the fair value of the maintenance and warranties provision and insurance costs. The last defect liability period is scheduled to lapse in December 2029 (“Realisation Date”).
- In making our assessment of the value of future costs likely to be incurred until the Realisation Date, we generally adopt the estimates made by Sunland Management. We have inquired into the basis for those estimates and find them to be reasonably based. We note, however, a significant uncertainty surrounding the provision for the estimated maintenance and warranties provision and insurance costs. We adopt Sunland Management’s estimates for our high fair market value assessment, and we make a further allowance for the possibility that these estimates may be insufficient to meet the future costs for our low fair market value assessment. We make this additional allowance considering the likely assessment by a potential purchaser of the Company given 1) the economic conditions likely to prevail until the Realisation Date and their effect on the prices generally 2) the Company’s lack of any capacity to undertake any required rectification works from its own personnel and resources 3) the fact that Sunland Management’s estimates of rectification costs only reflects its historical experience and 4) the volatility in the cost of insurance it has encountered since the commencement of the Strategy.
- We have then determined the present value of our assessed range of remaining cash available to Sunland Shareholders as at the Realisation Date, using an appropriate discount rate to derive the present fair market value of Sunland per share on a control basis, which we have compared to the Offer Price, less the Permitted Dividend.

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<sup>3</sup> Being the most recent unaudited management accounts available. Sunland Management advise that the actual costs incurred in the period between 31 May 2024 and 2 July 2024 are not materially different from those included in their forecasts from that date which they provided to us.

The following table summarises our fairness assessment.

Fairness assessment A\$ per Sunland share	Section Reference	Low	High
Fair market value of Sunland shares	Section 5.1	0.045	0.060
Offer Price	Section 1	0.045	0.045
<b>Premium/(discount)</b>		-	<b>(0.015)</b>
Premium/(discount) (%)		<b>0.0%</b>	<b>(25.0%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis.

The Offer Price of A\$0.045, after the Permitted Dividend, is at the lower end of our range between A\$0.045 and A\$0.060 per Sunland Share for the fair market value of Sunland Shares on a control basis, after the Permitted Dividend, but falls within it. The effect of the announced Permitted Dividend of A\$0.005 per Sunland Share has been included in both our assessment of the fair market value range and the Offer Price by the same amount. Accordingly, we conclude that the Takeover Offer is **FAIR** to Sunland Shareholders.

#### *NAV Method – liquidation premise of value*

Grant Thornton Corporate Finance has adopted an asset-based approach to assess the present value of the surplus amount of retained cash that could be available to Sunland Shareholders on a per share basis at the Realisation Date. We have compared our assessed range to the Offer Price, less the Permitted Dividend.

In our analysis, we had regard to the unaudited management balance sheet of Sunland as at 31 May 2024 and Sunland Management's estimated Operating and Strategy Costs expected to be incurred until the Realisation Date.

The table below summarises the present value of the potential amount available for distribution to Sunland Shareholders at the Realisation Date based on an orderly realisation of Sunland's assets as at 31 May 2024, adjusted for the Operating and Strategy Costs expected to be incurred and the Permitted Dividend.

Valuation summary	Section		
A\$'000s (unless stated otherwise)	Reference	Low	High
Cash and receivables as at 31 May 2024	5.1.1	25,529	25,529
<u>Less:</u>			
FY24 Interim Dividend (paid on 25 June 2024)	5.1.2	(5,476)	(5,476)
Permitted Dividend (paid in July 2024)	5.1.2	(685)	(685)
Trade and other creditors and costs to complete	5.1.2	(1,641)	(1,641)
<b>Total liabilities</b>		<b>(7,802)</b>	<b>(7,802)</b>
<b>Net Proceeds</b>		<b>17,727</b>	<b>17,727</b>
<u>Less:</u>			
Interest income and tax refund	5.1.3	3,320	3,588
Operating and Strategy Costs	5.1.3	(4,019)	(4,019)
<b>Total Operating and Strategy Costs</b>		<b>(699)</b>	<b>(430)</b>
<b>Sub-total</b>		<b>17,028</b>	<b>17,297</b>
<u>Less:</u>			
Face value of maintenance and warranties provision and insurance costs	5.1.4	(4,966)	(4,966)
Risk factor	5.1.4	50%	0%
<b>Risk adjusted value of maintenance and warranties provision and insurance cost</b>		<b>(7,449)</b>	<b>(4,966)</b>
<b>Potential remaining cash for Sunland Shareholders at the Realisation Date</b>		<b>9,579</b>	<b>12,331</b>
Discount rate	5.1.5	8.50%	7.50%
<b>Present value of potential remaining cash for Sunland Shareholders (A\$'000)</b>		<b>6,136</b>	<b>8,308</b>
Total number of Sunland Shares outstanding	3.4.4	136,909,515	136,909,515
<b>Present value of potential remaining cash for Sunland Shareholders (A\$/share)</b>	<b>Note (1)</b>	<b>0.045</b>	<b>0.060</b>

Source: GTCF analysis and Management estimates.

Notes: (1) Value per share rounded to the nearest A\$0.005.

## Reasonableness assessment

In accordance with ASIC RG111, the Takeover Offer is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages, and other factors in relation to the Takeover Offer.

### Advantages

#### *Certainty of the cash consideration*

In the absence of a superior alternative proposal, the Takeover Offer provides Sunland Shareholders the opportunity to receive a certain cash amount now rather than uncertain amount at the Realisation Date in or around December 2029.

Sunland Shareholders would no longer be exposed to the ongoing risks associated with the future demands on the retained cash balance which is their interest in Sunland. These risks are summarised below in a non-exhaustive manner:

- *Macroeconomic environment* – The performance of Sunland as a wind-down company will be heavily affected by certain key macroeconomic factors which has materially deteriorated in recent times. In

the March quarter of 2024, the economy rose by only 0.1%<sup>4</sup> and indicates the subdued growth as the economy battles high inflation and still seeks to recover from the effects of lingering adverse economic, market, and geopolitical challenges. Since May 2022, the Reserve Bank of Australia (“RBA”) has undertaken an aggressive tightening of the monetary cycle with the official cash rate target increasing from 0.10% in April 2022 to 4.35% in November 2023<sup>5</sup> and which continues as at the date of this report. This is an attempt to contain inflation within the RBA target range of between 2% to 3% from the level of 5.6% in September 2023<sup>6</sup>. Indicator inflation at May 2024 had fallen to 4.0%<sup>7</sup> which remains in excess of the RBA’s target. The Australian economy recorded seasonally adjusted household savings ratio of 0.9% in the March quarter of 2024, which is notably lower than the average quarterly rates of c. 6.0% prevailing before COVID-19<sup>8</sup>. This is an indication of households continuing to struggle with the persistent cost-of-living pressures and sustained higher interest rates which may fuel the deteriorating macroeconomic environment and lead to an increase in business insolvencies and upward pressure on costs generally. Although a higher interest rate environment is beneficial for the Company’s interest revenue on cash deposits, the lagging effect on inflation and stability in the property development industry to which many of its costs remain exposed is likely to be detrimental.

- *Risk of inadequate provisions* – As at 31 May 2024, Sunland made an estimate of approximately A\$5 million for the amount that may be payable by the Company for the cost likely to be incurred for maintenance and warranties relating to projects for which the Company was still liable following completion of the construction and sale of the properties. In addition, this amount includes an estimate for the cost of future insurance premiums, the market for which is volatile in the present economic environment and those of the Company that no longer has an active business. The estimates of these costs likely to be incurred over the period until the Realisation Date are discussed in Section 5.1.4. Although the Directors have made estimates of the likely future amounts of these costs based on average past experience, there is considerable uncertainty surrounding the existence of circumstances that would expose the Company to materially greater costs in respect of these risks. Furthermore, not only is the extent of the risk uncertain, but the future price to meet any cost of those risks that do crystallise is also unknown and subject to the effects of the macroeconomic environment mentioned above.

#### *Investment liquidity*

No significant transfers of Sunland Shares have been made between unrelated parties since it de-listed from the ASX in October 2023 under the Strategy. There is no effective market for Sunland Shares.

The Takeover Offer represents a liquidity opportunity for Sunland Shareholders that would seek to realise their investment between now and the expected Realisation Date in or around December 2029. In the absence of the Takeover Offer (or a superior alternative offer emerging) Sunland Shareholders face significant illiquidity for their shares in the Company as they have done since its delisting from the ASX.

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<sup>4</sup> Sourced from the Australian Bureau of Statistics.

<sup>5</sup> Sourced from the RBA.

<sup>6</sup> Sourced from the RBA.

<sup>7</sup> Sourced from the RBA.

<sup>8</sup> Sourced from the Australian Bureau of Statistics.

### *Finalisation of the Strategy*

Should the Takeover Offer be declared unconditional, it will bring the Strategy to its conclusion. Including the Takeover Offer, the Strategy will see a total of A\$475.1 million received by Sunland Shareholders (equivalent to A\$3.47 per Sunland Share) in comparison to the one-month volume weighted average price ("VWAP") prior to the commencement of the Strategy (on 20 October 2020) and the carrying value of net assets on that date of circa A\$1.33 and A\$2.56 per Sunland Share respectively. The Offer Price, after the Permitted Dividend, represents approximately 1.3% of the total amount received by Sunland Shareholders from the Strategy and the Takeover Offer combined.

### *No brokerage costs*

Sunland Shareholders will be able to realise their investment in the Company and transfer their shares to Sun Holdings without incurring any brokerage or stamp duty costs.

## Disadvantages

### *No premium in the Offer Price*

There is no premium in the Offer Price over the fair market value of the Sunland Shares. It is common that offerors include a premium in the offer price over the fair market value of the shares to be acquired. This premium often reflects a portion of synergistic benefits the offeror may extract from ownership of the business. However, Sunland has no active business and is in a wind-up state. It would be unusual that an offeror would pay a premium price in cash to obtain cash.

### *Possible additional surplus*

Sunland has estimated certain provisions are necessary to provide resources to meet the prospect of possible future claims as yet unknown during the period until the Realisation Date. The uncertainty about the timing and amounts of any future claims may result in there being less claims than expected and therefore there being additional surplus funds once the claims period has expired. Should the Takeover Offer become unconditional, it would mean Sunland Shareholders will not be able to participate in any future additional distribution if the actual costs and claims experience turns out to be less than the estimates provided by Sunland Management. Any such additional distribution would, however, only be available at the Realisation Date.

### *No amount for intangible assets*

The Offer Price reflects the low end of our range of fair market values for the likely residual cash at the Realisation Date. The lack of any going concern business in the Company since it embarked upon the wind-up Strategy in October 2020 means that no fair market values for any intangible assets (such as brand, customer relationships, goodwill etc.) have been identified as attributable to the Company at the date of the Takeover Offer. The Directors have not undertaken any marketing of such assets during the period to the Realisation Date and the Company's estimates of cash flows up to the Realisation Date do not include any cash inflow for such assets. In our view, potential purchasers of the Company would expect that any future value of such assets would be dependent upon their own efforts to conduct an active business following its acquisition.

## Other factors

### *Exposure of Sun Holdings to future costs*

Should the Takeover Offer be declared unconditional, Sun Holdings would acquire access to all of Sunland's cash holdings including the estimated amount retained until the Realisation Date. Sun Holdings will, however, become obliged to meet Sunland's known future costs, the estimated future costs, and any increased price or change to those items, and any unknown future costs including the costs of rectification for claims that have not been anticipated by Sunland Management. Accordingly, the attendant known and unknown liabilities associated with the Company are acquired at the time Sun Holdings obtains access to the Company's cash balance.

### *Prospect of a superior proposal*

Whilst Sunland has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties, and it will provide significant additional information in the Target Statement and IER to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before the expiry of the Takeover Offer period Sunland Shareholders who have not accepted the Takeover Offer will be entitled to consider it.

### *Implications if the Takeover Offer is not implemented*

If the Takeover Offer is not implemented, the Strategy will continue to run its course and the amounts retained by the Company to meet the operating costs until the Realisation Date in or around December 2029. Following the expiry of the statutory liability period on that date in relation to the last project completed by the Company, any remaining surplus funds can be distributed to Sunland Shareholders.

Sunland Shareholders should be aware that if the Takeover Offer is not declared unconditional, it is most likely that the lack of liquidity for Sunland Shares will continue until the Realisation Date in the absence of any further proposal.

### *Tax implications*

Acceptance of the Takeover Offer may create a capital gains tax liability for Sunland Shareholders. However the taxation consequence for Sunland Shareholders will vary according to their individual circumstances and will be impacted by various factors. In the absence of the Takeover Offer, the proposed return of any surplus upon winding up of Sunland at the Realisation Date in or around December 2029 is likely to be a return of capital for tax purposes and may not be subject to income tax or capital gains tax.

Sunland Shareholders should read the overview of tax implications of the Takeover Offer as set out in Section 7 of the Bidder's Statement and also seek independent financial and tax advice.

## Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Takeover Offer is **REASONABLE** to Sunland Shareholders.



## Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Takeover Offer is **FAIR AND REASONABLE** to Sunland Shareholders.

Each Sunland Shareholder should decide whether or not to accept the Takeover Offer based on their own views of the value of Sunland and expectations about future market conditions, Sunland's performance, and their individual risk profile and investment strategy.

## Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following Section. The decision as to whether or not to vote in favour of the Takeover Offer is a matter for each Sunland Shareholder based on their own views of value of Sunland and expectations about future market conditions, Sunland's performance, risk profile and investment strategy. If the Sunland Shareholders are in doubt about the action they should take in relation to the Takeover Offer, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN  
Director



MARK BUTTERFIELD  
Director

## **Financial Services Guide**

### **1 Grant Thornton Corporate Finance Pty Ltd**

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Sunland to provide general financial product advice in the form of an IER in relation to the Takeover Offer. This report is included in the Target Statement outlining the Takeover Offer.

### **2 Financial Services Guide**

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### **3 General financial product advice**

In our report we provide general financial product advice. The advice in our report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### **4 Remuneration**

When providing the report, Grant Thornton Corporate Finance’s client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from Sunland a fee of around A\$45,000 plus goods and services tax (“GST”), which is based on commercial rates plus reimbursement of out-of-pocket expenses in relation to the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

## 5 Independence

Grant Thornton Corporate Finance is required to be independent of Sunland in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Sunland (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover Offer.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Takeover Offer, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover Offer. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report. Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 “Independence of experts” issued by ASIC.”*

## 6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act, 2001.

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## 1 Outline of the Offer

### *General terms of the Bid Implementation Agreement*

On 2 July 2024, the Company announced that it had entered into a BIA with Homecorp pursuant to which, having completed its due diligence inquiries, it was proposed that Homecorp's associate Sun Holdings will acquire the Company by way of the Takeover Offer for the Offer Price of A\$0.05 per Sunland Share less any Permitted Dividend. The Directors announced at the same time that they intend to declare a Permitted Dividend of A\$0.005 per Sunland Share which will be paid in July 2024. Such Permitted Dividend will reduce the Offer Price to A\$0.045 per Sunland Share.

In addition to the other details provided in the executive summary of this IER, the other key terms and conditions are briefly discussed below. Refer to Section 2.1 of the Bidder's Statement for further details.

- At the end of the Takeover Offer period, the Bidder has a Relevant Interest of greater than 90% of Sunland Shares on issue at that time.
- Sunland not entering into any contract, arrangement or commitment that requires or may require Sunland to pay or incur an amount of more than A\$100,000 individually or in aggregate.
- Exclusivity, no-shop, no-talk, no due diligence restrictions, notification and matching right and other customary conditions.
- No prescribed occurrences (as their terms are defined under the BIA) or material adverse changes.

Pursuant to the BIA, Sunland is permitted to declare and pay a dividend of up to A\$0.005 per Sunland Share and any further amounts with the consent of Homecorp, however under these circumstances, Homecorp is entitled to reduce the Offer Price by the same amount. The Offer Price adjusted for the Permitted Dividend is set out in the table below.

Adjusted Offer Price after Permitted Dividend	
A\$ per Sunland Share	
Offer Price before any Permitted Dividend	0.050
Less: Permitted Dividend	(0.005)
<b>Adjusted Offer Price after Permitted Dividend</b>	<b>0.045</b>

Source: GTCF analysis.

## 2 Purpose and scope of the report

### 2.1 Purpose

Section 640 of the Corporations Act requires that a target's statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; and
- for a bidder who is, or includes, an individual – the bidder is a director of the target company; or
- for a bidder who is, or includes, a body corporate – a director of the bidder is a director of the target company.

The IER must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's independent shareholders and provide the reasons for forming that opinion.

Whilst there is no legal requirements for the commissioning of an IER, the Directors have requested Grant Thornton Corporate Finance to prepare an Independent Expert's Report to assist Sunland Shareholders to assess the merits of the Takeover Offer and whether the Takeover Offer is fair and reasonable to the Sunland Shareholders for the purpose of the Section 640 of the Corporations Act.

### 2.2 Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this report, Grant Thornton Corporate Finance has had regard to RG 111 which establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer.

As the Takeover Offer is a takeover bid, Regulatory Guide 111 "*Content of expert reports*" requires the following assessment:

- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.
- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
  - The offeror's pre-existing entitlement, if any, in the shares of the target company.

- Other significant shareholding blocks in the target company.
- The liquidity of the market in the target company's securities.
- Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.
- Any special value of the target company to the offeror, such as particular technology or the potential to write off outstanding loans from the target company.
- The likely market price if the offer is unsuccessful.
- The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Takeover Offer is fair to the Sunland Shareholders by comparing the fair market value range of Sunland Shares on a 100% basis with the Offer Price.

In considering whether the Takeover Offer is reasonable to the Sunland Shareholders, we have considered a number of factors, including:

- Whether the Takeover Offer is fair.
- The pre-existing shareholding of the Bidder.
- The implications to Sunland and Sunland Shareholders if the Takeover Offer lapses.
- Other likely advantages and disadvantages associated with the Takeover Offer as required by RG111.
- Other costs and risks associated with the Takeover Offer that could potentially affect the Sunland Shareholders.

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Takeover Offer with reference to RG 112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the Takeover Offer other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of these fees is in no way contingent upon the success or failure of the Takeover Offer.

## 2.4 Consent and other matters

Our report is to be read in conjunction with the Target's Statement dated on or around 19 July 2024 in which this report is included and is prepared for the exclusive purpose of assisting Sunland Shareholders in their consideration of the Takeover Offer. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Target's Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Takeover Offer on Sunland Shareholders as a whole. We have not considered the potential impact of the Takeover Offer on individual shareholders. Individual shareholders have different financial circumstances, and it is neither practicable nor possible to consider the implications of the Takeover Offer on individual shareholders.

The decision of whether or not to accept the Takeover Offer is a matter for each Sunland Shareholder based on their own views of the value of Sunland, expectations about future market conditions, Sunland's performance, their individual risk profile and investment strategy. If Sunland Shareholders are in doubt about the action they should take in relation to the Takeover Offer, they should seek their own professional advice.

## 2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

*"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*



### 3 Profile of Sunland

#### 3.1 Company overview

Sunland was a residential property development and construction company that had historically operated via the two core business segments outlined below:

- *Residential Housing and Urban Development* – comprised of medium-density integrated housing developments and land subdivision.
- *Multi-Storey* – comprised of medium-rise apartment projects generally between five and 15 storeys, and high-rise developments above 15 storeys.

The delivery of Sunland’s projects has been completed by both in-house project teams as well as a large network of third-party trades specialising in residential property construction.

#### 3.2 Strategy and Delisting

On 20 October 2020, following a strategic review of its operations, Sunland announced the Strategy; being a strategic plan to sell certain undeveloped inventory and complete its active projects with the intention to convert assets to cash and repay all liabilities in order to return net asset value to Shareholders. The objective of the Strategy was to return fair value to Sunland Shareholders, which the Directors considered was being underrepresented by the market<sup>9</sup>.

Subsequent to completing its remaining projects, selling all of its undeveloped inventory and thereby having no further active projects or operating assets, the Company was delisted from the ASX on 30 October 2023 (“Delisting”)<sup>10</sup>. In conjunction with the Delisting, the Directors declared a return of capital of A\$0.90 per Sunland Share, equivalent to approximately A\$123.2 million (the “Capital Reduction”).

The Capital Reduction returned net assets to Sunland Shareholders in accordance with the Strategy whilst simultaneously retaining sufficient funds for the Company to satisfy its Operating and Strategy Costs, which includes staff salaries, employee entitlements, necessary operating expenses, maintenance of completed projects, defect rectification as required by law, contingent liabilities, as well as other costs that may crystallise until the last defect liability periods lapses<sup>11</sup>. At the date of this report, the last defect liability period is not scheduled to expire until December 2029, as summarised in the table below.

Sunland project schedule	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	31-Dec-29
Number of projects not expired	20	15	10	8	5	5	1

Sources: Sunland ASX Announcement, GTCF analysis.

<sup>9</sup> The share price of Sunland had historically traded at a discount to the net asset value based on book value. On 20 October 2020, Sunland’s share price traded at a 30-day volume weighted average price of circa A\$1.33 per share. Comparatively, the Company had net asset value of circa A\$2.56 per share based on its balance sheet as at 30 September 2023.

<sup>10</sup> On 29 September 2023, at the Sunland Annual General Meeting, Shareholders voted in favour to delist Sunland from the ASX. The delisting became effective on 30 October 2023.

<sup>11</sup> Sunland is required by law to repair or rectify building defects that appear in its constructions works for a set defect liability period. The period commences upon practical completion of the works and runs for a specific time depending on the state (6.5 years in NSW and QLD and 10 years in VIC).

As a result of these contingent statutory liabilities for building defects, the timing and quantum of Operating and Strategy Costs are difficult to accurately forecast as it is not precisely known what defects may arise or what the costs to rectify such defects will be if there is an obligation to rectify them. Accordingly, whilst the Directors believe to have set aside sufficient capital to meet any future obligations associated with project maintenance and defects rectification, the actual costs that will be incurred will not be known until the last defect liability period lapses. The Directors have noted any funds set aside to meet these obligations which are not fully utilised may result in an additional dividend or capital return (or both) to Sunland Shareholders, however, this is a possibility only and not guaranteed. Conversely, any costs incurred for project maintenance and defects rectification in excess of the amount estimated will reduce any additional dividend or return of capital to Sunland Shareholders.

### 3.3 Distributions since the Strategy commenced

Sunland has returned a total A\$468.2 million net assets to Sunland Shareholders (equivalent to A\$3.42 per Sunland Share) since the Strategy was announced to the ASX on 20 October 2020. This has been achieved by way of progressive dividends and capital distributions as summarised below.

Distributions paid to Shareholders since October 2020			
Payment Date	Type	Value per share (A\$/share)	Total value (A\$'000s)
18-Mar-21	Special dividend	0.30	41,073
30-Sep-21	Special dividend	0.20	27,382
13-Jan-22	Special dividend	0.10	13,691
17-Mar-22	Interim dividend	0.12	16,429
28-Jul-22	Special dividend	0.30	41,073
15-Sep-22	Final dividend	0.15	20,537
7-Dec-22	Special dividend	0.60	82,146
16-Mar-23	Special/interim dividend	0.40	54,764
27-Jul-23	Special dividend	0.20	27,382
20-Sep-23	Final dividend	0.11	15,060
1-Nov-23	Capital Reduction	0.90	123,219
25-Jun-24	Final dividend	0.04	5,476
<b>Total net assets returned</b>		<b>3.42</b>	<b>468,231</b>

Sources: Sunland ASX Announcement, GTCF analysis.

On the 2 July 2024, the Directors declared the Permitted Dividend of A\$0.005 per Sunland Share, equivalent to approximately \$0.7 million, to be paid in July 2024. Following the payment of the Permitted Dividend, this would bring the total amount distributed since the announcement of the Strategy to approximately \$468.9 million (equivalent to A\$3.425 per Sunland Share).

Should the Takeover Offer be declared unconditional, Sunland Shareholders will receive an additional A\$0.045 per Sunland Share as the Offer Price (A\$0.050 per Sunland Share reduced by the Permitted Dividend of A\$0.005 per Sunland Share). The total amount received by Sunland Shareholders since the Strategy announcement would therefore become approximately A\$475.1 million (equivalent to A\$3.47 per Sunland Share).

### 3.4 Financial information

#### 3.4.1 Income Statement

The table below illustrates the Company's audited consolidated statements of comprehensive income for FY22 and FY23, and the unaudited management accounts for the year to date ("YTD") up to 31 May 2024.

Consolidated statements of financial performance	FY22	FY23	YTD May 2024
A\$'000s (unless otherwise stated)	Audited	Audited	Management
Revenue from sale of properties	554,510	255,608	4,582
Other revenue from operations	3,974	1,788	7,846
Other income/(expense)	31,167	9,801	23
<b>Total revenue</b>	<b>589,651</b>	<b>267,197</b>	<b>12,452</b>
Cost of goods sold - Property development	(450,293)	(202,921)	(5,430)
Administration and other expenses	(3,860)	(5,123)	(3,024)
Cost of other operations	(855)	(540)	(11)
Employee benefits expense	(10,277)	(10,292)	(2,899)
Depreciation and amortisation expense	(1,741)	(516)	(49)
<b>Total operating expenses</b>	<b>(467,026)</b>	<b>(219,392)</b>	<b>(11,412)</b>
<b>Profit before income tax expense</b>	<b>122,625</b>	<b>47,805</b>	<b>1,040</b>
Income tax expense	(30,064)	(14,392)	(312)
<b>Net profit after tax</b>	<b>92,561</b>	<b>33,413</b>	<b>728</b>
Basic earnings per share (cents)	67.6	24.4	0.0
Diluted earnings per share (cents)	67.6	24.4	0.0

Sources: Sunland Annual Reports, Management accounts, GTCF analysis.

Based on the table above, we note the following in relation to the consolidated statement of profit and loss:

- The Company generated A\$4.6 million in property sales revenue from the settlement of sundry remaining lots and project land completing the Lakes project in the year up to 31 May 2024. The Company generated A\$255.6 million of property sales revenue in FY23 from the settlement of 232 lots, of which were primarily multi-storey apartment projects. This was lower than the A\$554.5 million of property sales revenue recorded in FY22 which was generated from the settlement of 328 lots and was aided by the sale of several undeveloped inventory (A\$210.4 million) and investment properties (A\$53.2 million) over the period.
- Other revenue from operations primarily comprises of interest income and investment property revenue generated by rental and operating activities from properties held as investment.
- The Company achieved net profit after tax of A\$33.4 million in FY23, down from the A\$92.6 million in FY22 which was advanced by A\$61.5 million from the above-mentioned sale of several undeveloped inventory and investment properties.
- The Company achieved a return on cost of 28% across its residential development portfolio (excluding marketing costs) in FY23, which exceeds its targeted development margin of 20%. This was improved from the 24% development margin achieved in both FY21 and FY22.

- The Company had seven active projects as at 30 June 2021, located in Queensland and New South Wales. In line with the Strategy, this was subsequently reduced to three as at 30 June 2022 and nil as at 30 June 2023. Accordingly, as at the date of this report, the Company has no further or active projects.

### 3.4.2 Balance Sheet

The Company's audited statements of the financial position as at 30 June 2022 and 30 June 2023, and unaudited management accounts at 31 May 2024 are set out in the table below.

Consolidated statements of financial position A\$'000s	30-Jun-22 Audited	30-Jun-23 Audited	31-May-24 Management
<b>Assets</b>			
Cash and cash equivalents	262,222	196,861	25,646
Trade and other receivables	14,153	957	40
Inventories	161,475	3,694	-
Other current assets	2,386	1,646	1,585
Non-current assets classified as held for sale	10,116	-	-
<b>Total current assets</b>	<b>450,352</b>	<b>203,158</b>	<b>27,271</b>
Inventories	-	-	-
Investment properties	-	-	-
Property, plant and equipment	319	124	-
Right-of-use assets	447	-	-
Deferred tax	-	1,677	1,677
<b>Total non-current assets</b>	<b>766</b>	<b>1,801</b>	<b>1,677</b>
<b>Total assets</b>	<b>451,118</b>	<b>204,959</b>	<b>28,949</b>
<b>Liabilities</b>			
Trade and other payables	26,345	6,268	1,798
Interest bearing liabilities	-	-	-
Current tax liabilities	21,137	5,226	-
Provisions	3,083	2,864	1,707
Dividends payable	-	27,382	-
Other current liabilities	1,302	160	20
<b>Total current liabilities</b>	<b>51,867</b>	<b>41,900</b>	<b>3,526</b>
Interest bearing liabilities	49,041	-	-
Deferred tax	2,872	-	-
Provisions	226	-	-
Other non-current liabilities	232	84	-
<b>Total non-current liabilities</b>	<b>52,371</b>	<b>84</b>	<b>-</b>
<b>Total liabilities</b>	<b>104,238</b>	<b>41,984</b>	<b>3,526</b>
<b>Net assets</b>	<b>346,880</b>	<b>162,975</b>	<b>25,423</b>

Sources: Sunland Annual Reports, Management accounts, GTCF analysis.

Based on the table above, we note the following in relation to the financial position of the Company.

- The cash balance as at 30 June 2022 was A\$262.2 million. The cash balance subsequently reduced to A\$196.9 million as at 30 June 2023 largely due to the Company continuing to deliver and settle on active projects without pursuing future projects and the payment of circa A\$198.5 million in dividends to Shareholders in FY23, which was up from the A\$57.5 million of dividends paid to Shareholders in FY22. Cash balances as at 31 May 2024 fell to A\$25.6 million, largely due to the A\$165.7 million of distributions made up to 31 May 2024.
- Debt lines were fully repaid as at 30 June 2023 in line with the completion and settlement of the last remaining active projects of the Company.
- Trade and other payables of A\$6.3 million at 30 June 2023 included construction costs complete of A\$2.5 million relating to final works in public spaces at Heights and The Lakes projects, and trade and other accruals of A\$3.7 million (including A\$2.6 million in trade payables, A\$0.6 million in employee eligible termination payments for departing employees, with the balance representing PAYG, fringe benefits tax, payroll, and superannuation payments). Trade and other payables as at 31 May 2024 reduced to A\$1.8 million largely from the reduction in construction costs to complete declining to A\$0.8 million, and trade and other accruals declining to A\$1.0 million. Sunland Management advises that as at 30 June 2024 it is expected that the construction cost to complete will have reduced to c. A\$0.3 million in line with the estimates to that date.
- Provisions of circa A\$2.9 million as at 30 June 2023 primarily comprised estimated warranty claims for those properties which have settled and have an unexpired defect liability period (A\$2.2 million) and employee entitlements (A\$0.7 million). As at 31 May 2024, the warranties and maintenance provision reduced to A\$1.4 million from expiry of project liability periods and the reduction in employees resulting in the provision for employee entitlements reducing to A\$0.3 million.

### 3.4.3 Cash flows

The table below illustrates the Company's audited statement of cash flows for FY22 and FY23. No cash flow statement is included in the 31 May 2024 management accounts.

Consolidated statements of cash flow A\$'000s	FY22 Audited	FY23 Audited
<b>Cash flows from operating activities</b>		
Receipts from operations	561,237	231,349
Payments to suppliers and employees	(152,468)	(40,625)
Interest received	255	915
Interest and other finance costs paid	(8,161)	(2,227)
Income taxes refunded/(paid)	(20,340)	(34,854)
<b>Net cash inflow from operating activities</b>	<b>380,523</b>	<b>154,558</b>
<b>Cash flows from investing activities</b>		
Payments for investment property	(6,105)	-
Cash paid on acquisition of property, plant and equipment	(8)	-
Proceeds from disposal of investment property	53,769	-
Proceeds from disposal of property, plant and equipment	267	-
Proceeds from disposal of non-current assets held for sale	-	19,782
Proceeds from sale of financial instruments	-	235
<b>Net cash outflow from investing activities</b>	<b>47,923</b>	<b>20,017</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	(163,979)	(50,000)
Proceeds from borrowing	41,952	-
Dividends paid to shareholders	(57,501)	(198,519)
Purchases of treasury shares	-	-
Proceeds from treasury shares dividends	163	8,583
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(179,365)</b>	<b>(239,936)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>249,081</b>	<b>(65,361)</b>
Cash and cash equivalents at the beginning of the financial year	13,141	262,222
<b>Cash and cash equivalents at year end</b>	<b>262,222</b>	<b>196,861</b>

Sources: Sunland Annual Reports, GTCF analysis

Based on the table above, we note the following in relation to the statement of cash flows of the Company:

- **Operating cash flows:** Cash flow from property settlements grew to circa A\$554.5 million in FY22, aided by the sale of several undeveloped inventory and investment properties.
- **Investing cash flows:** The Company has engaged in the sale of certain undeveloped inventory and assets in recent years in line with the Strategy. Notably, Sunland sold the bulk and remainder of its investment properties in FY22 for proceeds of circa A\$53.8 million.
- **Financing cash flows:** In accordance with the Strategy, the Company has returned net assets to shareholders by the way of fully franked dividends in recent years. In FY21, the Company returned a total of A\$0.30 per Sunland Share to Sunland Shareholders, equivalent to approximately A\$54.8

million. In FY22, the Company returned a total of A\$0.42 per Sunland Share to Sunland Shareholders, equivalent to approximately A\$57.5 million. In FY23, the Company returned a total of A\$1.45 per Sunland Share to Sunland Shareholders, equivalent to approximately A\$198.5 million. Sunland fully repaid its debt lines in FY23 in line with the completion and settlement of the last remaining active projects of the Company.

#### 3.4.4 Capital structure

At the date of this report, Sunland has 136,909,515 fully paid ordinary shares on issue. Below we have set out the top five shareholders of Sunland as at 4 July 2024.

Top five ordinary shareholders as at 4 July 2024		
	No. of shares	Interest (%)
1 Havannah Pty Limited	29,250,000	21.36%
2 Pacific Development Corporation Pty Limited	20,750,000	15.16%
3 Citicorp Nominees Pty Limited	8,082,973	5.90%
4 National Nominees Limited	5,826,376	4.26%
5 AACCT Limited	4,000,000	2.92%
<b>Top five shareholders total</b>	<b>67,909,349</b>	<b>49.60%</b>
Remaining shareholders	69,000,166	50.40%
<b>Total ordinary shares outstanding</b>	<b>136,909,515</b>	<b>100.00%</b>

Source: Sunland Management, GTCF analysis.

As set out in the table above, Havannah Pty Limited holds circa 21.36%, Pacific Development Corporation Pty Limited holds 15.16% and Citicorp Nominees Pty Limited hold 5.90% of the issued capital of Sunland, all of which have made substantial shareholder declarations.

## 4 Valuation methodologies

### 4.1 Introduction

As discussed in Section 1, our fairness assessment involves comparing the Offer Price with the fair market value of Sunland on a control basis.

Grant Thornton Corporate Finance has assessed the value of Sunland using the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 4.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



#### 4.3 Selected valuation method

Grant Thornton Corporate Finance has selected to adopt the NAV Method to assess the fair market value of Sunland. We consider this valuation methodology to be appropriate based on the following:

- The main value component of Sunland is the large cash balance as at 31 May 2024 of c. A\$25.5 million.
- Following the completion of its remaining projects and sale of its undeveloped inventory, in accordance with the Strategy, Sunland has no further or active projects or material business assets.
- Sunland is expected to wind-up its operations once the last defect liability period lapses, which as at the date of the report is not scheduled to occur until December 2029.

In assessing the fair market value of Sunland using the NAV Method, we have assumed an orderly realisation of Sunland's assets using management accounts as at 31 May 2024, which we have then adjusted to reflect the Operating and Strategy Costs expected to be incurred until the last defect period lapses, which at the date of this report is not scheduled until the Realisation Date in or around December 2029. We have then discounted this potential remaining cash available to Sunland Shareholders as at the Realisation Date to the present using an appropriate discount rate reflecting market cost of borrowing to derive a range of the fair market value of Sunland per Sunland Share which we have compared with the Offer Price, less the Permitted Dividend.

## 5 Valuation assessment of Sunland

### 5.1 NAV Method – liquidation premise of value

As discussed in Section 4.3, Grant Thornton Corporate Finance has adopted an asset-based approach to assess the present value of the surplus amount of retained cash that could be available to Sunland Shareholders at the Realisation Date.

In our analysis, we had regard to the unaudited balance sheet of Sunland in management accounts as at 31 May 2024, which we have adjusted for Sunland Management's estimated Operating and Strategy Costs, our assessment of the fair value for the maintenance and warranties provision and insurance costs and the Permitted Dividend. Below we summarise our analysis and set out the present value of the surplus amount of that could be available to Sunland Shareholders at the Realisation Date on a per share basis.

NAV Method summary - liquidation premise of value A\$'000s (unless stated otherwise)	Section Reference	Low	High
<u>Asset Realisation:</u>			
Cash position as at 31 May 2024	5.1.1	25,488	25,488
Collection of receivables	5.1.1	40	40
<b>Total assets</b>		<b>25,529</b>	<b>25,529</b>
<u>Less:</u>			
FY24 Interim Dividend (paid on 25 June 2024)	5.1.2	(5,476)	(5,476)
Permitted Dividend (paid in July 2024)	5.1.2	(685)	(685)
Costs to complete remaining projects	5.1.2	(822)	(822)
Trade and other payables	5.1.2	(819)	(819)
<b>Total liabilities</b>		<b>(7,802)</b>	<b>(7,802)</b>
<b>Net Proceeds</b>		<b>17,727</b>	<b>17,727</b>
<u>Operating and Strategy Costs:</u>			
Interest income	5.1.3	2,570	2,838
Wages and salaries	5.1.3	(1,921)	(1,921)
Employee entitlements	5.1.3	(217)	(217)
Termination payments	5.1.3	(187)	(187)
Payroll tax	5.1.3	(96)	(96)
Administration expenses	5.1.3	(1,266)	(1,266)
Tax (payment)/refund	5.1.3	750	750
Exit costs	5.1.3	(332)	(332)
<b>Total Operating and Strategy Costs</b>		<b>(699)</b>	<b>(430)</b>
<b>Sub-total</b>		<b>17,028</b>	<b>17,297</b>
<u>Less:</u>			
Face value of maintenance and warranties provision and insurance costs	5.1.4	(4,966)	(4,966)
Risk factor	5.1.4	50%	0%
<b>Risk adjusted value of maintenance and warranties provision and insurance cost</b>		<b>(7,449)</b>	<b>(4,966)</b>
<b>Potential remaining cash for Sunland Shareholders at the Realisation Date</b>		<b>9,579</b>	<b>12,331</b>
Discount rate	5.1.5	8.50%	7.50%
<b>Present value of potential remaining cash for Sunland Shareholders (A\$'000)</b>		<b>6,136</b>	<b>8,308</b>
Total number of Sunland Shares outstanding	3.4.4	136,909,515	136,909,515
<b>Present value of potential remaining cash for Sunland Shareholders (A\$/share)</b>	<b>Note (1)</b>	<b>0.045</b>	<b>0.060</b>

Sources: GTCF analysis, Management estimates. Notes: (1) Value per share rounded to the nearest A\$0.005.

#### 5.1.1 Asset Realisation

As at 31 May 2024, Sunland had a realisable cash balance of circa A\$25.5 million. This excludes circa A\$0.2 million of cash held in the Sunland Employee Investment Fund (“SEIF”) account which is payable to specific Sunland employees upon termination. In addition to the cash balance, Sunland held a small balance of a goods and service tax (“GST”) receivable as at 31 May 2024.

Deferred tax assets relate to timing differences between financial reporting and the incidence of taxation. Accordingly, as no future cash flow results from the deferred tax asset, it has been excluded from our assessment of the amount of assets available for Sunland Shareholders at the Realisation Date.

#### 5.1.2 Liabilities

As at 31 May 2024, the main liability on balance sheet for Sunland related to a provision for potential future warranty expenses to be incurred by the Company in association with properties which have settled and have an unexpired defect liability period. Due to the risk inherent in this nature of liability, we have assessed its fair value separately in Section 5.1.4.

In relation to the other liabilities on Sunland’s balance sheet as at 31 May 2024, we note the following:

- *The FY24 Interim Dividend and the Permitted Dividend* – After the date of the management accounts as at 31 May 2024, the Directors declared the FY24 Interim Dividend (on the 11 June 2024) and Permitted Dividend (on the 2 July 2024) for total amounts of circa A\$5.5 million and A\$0.7 million respectively. As a result, both dividends are yet to be paid as at the date of the management accounts and as such we have deducted both as a dividend payable in the period to the Realisation Date on the retained amount of cash as at 31 May 2024.
- *Costs to complete remaining projects* – Sunland held circa A\$0.8 million in construction accruals as at 31 May 2024 related to the forecast construction costs in completing the remaining four projects of the Company. These works relate to common areas of the projects from which no further revenue is expected. All four projects are scheduled to be complete by December 2024.
- *Trade and other payables* – As at 31 May 2024, Sunland had circa A\$0.8 million on balance sheet for trade and other payables, primarily comprised of trade and sundry creditors.

In our analysis, we have assumed that Sunland will settle the above other liabilities at full face value.

#### 5.1.3 Operating and Strategy Costs

In our analysis, we have deducted from available cash and other assets the estimated Operating and Strategy Costs provided by Sunland Management. Below we have briefly summarised these costs.

##### Interest income

The Company is expected to earn interest income on its cash balance less the operational cash balance of A\$0.5 million (“Non-Operating Cash Balance”) up to the Realisation Date. The Non-Operating Cash Balance will be allocated between a term deposit and investment account and we have estimated interest

income at equivalent forecast deposit rates sourced from the RBA and market consensus. Overall, interest income is forecast to be between circa A\$2.6 million and A\$2.8 million up to the Realisation Date, with the variance caused by the range in our fair value assessment of the maintenance and warranties provision and insurance costs set out in Section 5.1.4.

#### Employee costs

Employees costs comprise of employee wages and salaries, entitlements, termination payments and payroll tax. Sunland's Management have provided an estimate of the employee costs in line with the expected run-off of staff as positions become redundant as defect liability periods lapse. Sunland's six employees are all scheduled to be made redundant by 30 September 2024, with the operations of the Company thereafter to be managed through outsourcing by the three Directors until they retire from office at the Realisation Date (in December 2029). Sunland Management have computed the redundancy costs based on the different length of employment at Sunland for each employee. We have considered the full value of the forecast employee costs estimated by Sunland Management in our Operating and Strategy Costs.

#### Administration expenses

Administration costs encapsulate the general operating expenses necessary for Sunland up to the Realisation Date and includes expenses such as utilities, subscriptions, freight and storage charges, fees for audit and consultancy services and ASX fees. Administration costs excludes rent as a result the termination of the last occupancy lease as at 30 June 2023 following the transitions of operations to private locations. Annual administration expenses are forecasted by Sunland Management to reduce till FY25 alongside the bulk reduction in active defect expiry periods as summarised in Section 3.2.

#### Tax refund

A tax refund of circa A\$0.8 million is receivable and represents quarterly payments of tax estimated by the Australian Taxation Office ("ATO") in excess of the amount of income tax payable for the period. Receipt of the refund is expected following lodgement of the Company income tax return following the end of the financial year.

#### Exit costs

Exit costs relate to costs associated with the completion of the proposed transaction as well as legal and accounting advice required as subsidiaries of Sunland are registered in line with the winding down operations and finalising the Strategy. Sunland Management has conservatively forecast A\$1.0 million in total exit costs, of which circa A\$0.7 million have already been incurred at 31 May 2024. As a result, we have deducted the residual A\$0.3 million from the potential cash proceeds as part of the Operating and Strategy Costs which is expected to be incurred progressively after the Realisation Date.

### 5.1.4 Maintenance and warranties provision and insurance costs

#### Maintenance and warranties provision

As at 31 May 2024, Sunland's balance sheet included circa A\$1.4 million carried for maintenance and warranties provision.

The book value of the maintenance and warranties provision has been determined with respect to the expected performance of Company products, the number of customers expected to make warranty claims based on historical data and the anticipated costs of fulfilling those claims. Notwithstanding this, we have applied a premium of between 0% and 50% to the book value of the maintenance and warranties provision to reflect the estimation risk likely to be applied by a pool of potential purchases to this estimate. In our view, there is significant risk that not only the price of rectification works for warranties may be more than the estimates of Sunland Management, but that there exists a latent risk of failure of a project that is not consistent with past experience.

#### Insurance costs

Insurance costs are forecast at a total circa A\$3.6 million till the Realisation Date and comprise of the following:

- Total insurance renewal of A\$1.2 million, representing six A\$0.2 million annual renewals occurring in November.
- Directors and Officers (“D&O”) insurance run-off of A\$1.4 million which will be triggered at the Realisation Date to provide cover for the present Directors for the period after the company is wound up based on a recent pricing quote received by the Company from its insurance advisers.
- Insurance deductible of A\$1.0 million, computed based on the assumption of four claims each at a value of A\$0.25 million.

The estimates of the six annual renewals are based on the most recent renewal premium, however, it was materially larger than expected based on past experience. The uncertainty of the pricing of total insurance cover for a business no longer pursuing active business is unclear particularly given the pressures facing the current construction industry in general. Similarly, the D&O insurance run-off pricing at the Realisation Date for the run-off period is volatile based on the Company’s experience of current quotes received from its insurance advisers. Given the uncertainty of future pricing of the total cover policy and the D&O run-off cover at the Realisation Date, we have also applied a premium of between 0% and 50% to the estimates made by Sunland Management to reflect the estimation risk likely to be applied by a pool of potential purchases. For ease of presentation, we have combined the insurance cost estimates with the estimate of the maintenance and warranties provision and applied our risk premium of 0% to 50% to the combined estimates of c. A\$5.0 million as at 31 May 2024.

As at 31 May 2024, Sunland’s balance sheet included A\$1.3 million for the prepayment of Professional Indemnity insurance run-off, which was prepaid until the end of June 2030. Accordingly, we have not included the cash flow component of this expense in our valuation assessment.

#### 5.1.5 Discount rate

In order to reflect the present value of the balance of remaining cash on the Realisation Date, we have applied a discount rate of between 7.5% and 8.5%. This reflects an estimate of the cost of corporate debt as a proxy for the time value of money until the Realisation Date based on RBA indicator business lending rates for unsecured small to medium business loans including with the range including a premium for the inherent forecasting risk in Sunland Management’s estimates of the Operating and Strategy Costs.

## 6 Sources of information, disclaimer and consents

### 6.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Offer letter.
- Annual reports of Sunland.
- Sunland management accounts.
- Releases and announcements by Sunland on the ASX.
- Unaudited management accounts at 31 May 2024.
- Sunland Management's estimated future Operating and Strategy Costs to the Realisation Date.
- Other information provided by Sunland Management.
- Capital IQ.
- Mergermarket.
- Various broker reports.
- Other publicly available information.
- Discussions with Sunland Management.

### 6.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Sunland and all other parties involved in the Takeover Offer with reference to the ASIC Regulatory Guide 112 "Independence of experts" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Sunland, its shareholders and all other parties involved in the Takeover Offer.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Sunland or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Takeover Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover Offer. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

### 6.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Sunland and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Sunland through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Sunland.

This report has been prepared to assist the Directors of Sunland in advising the Sunland shareholders in relation to the Takeover Offer. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Offer is fair and reasonable to the Sunland shareholders.

Sunland has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Sunland, which Sunland knew or should have known to be false and/or reliance on information, which was material information Sunland had in its possession and which Sunland knew or should have known to be material and which Sunland did not provide to Grant Thornton Corporate Finance. Sunland will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 6.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target Statement to be sent to the Sunland shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

## Appendix A – Valuation methodologies

### *Capitalisation of future maintainable earnings*

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### *Discounted future cash flows*

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital ("WACC"). The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### *Orderly realisation of assets*

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### *Market value of quoted securities*

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### *Comparable market transactions*

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction, and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



## Appendix B – Glossary

\$ or A\$	Australian Dollar
APES 110	Professional standard APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board
APES 225	Professional standard APES 225 Valuation Services issued by the Accounting Professional & Ethical Standards Board
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BIA	Bid implementation agreement dated 2 July 2024
Bidder	Sun Holdings GC Pty Ltd
Company	Sunland Group Limited
Corporations Act	Corporations Act 2001 (Cth)
D&O	Directors and Officers
DCF Method	Discounted cash flow method of valuation
Delisting	The delisting of Sunland from the ASX on 30 October 2023
Directors	The Directors of Sunland
FBT	Fringe benefits tax
FME Method	Future maintainable earnings method of valuation
FSG	Financial Services Guide in accordance with the Corporations Act
FY24 Interim Dividend	Fully franked dividend of A\$0.04 per Sunland Share with a record date of 11 June 2024 and a payment date of 25 June 2024
Grant Thornton Corporate Finance, or Grant Thornton, or we	Grant Thornton Corporate Finance Pty Limited
GST	Goods and services tax
Homecorp	Homecorp Property Group Pty Ltd
IER	This Independent Expert's Report prepared for the purposes of Section 640 of the Corporations Act
Maintenance Provision	The amount of potential future warranty expenses to be incurred by the Company for projects that have an unexpired defect liability period
NAV Method	Net asset value method of valuation
NBIO	Non-binding indicative offer
Non-Operating Cash Balance	Operational cash balance of A\$0.5 million which interest income will not be earned on
Offer Price	The amount of A\$0.05 per Sunland Share reduced by any Permitted Dividend
Operating and Strategy Costs	The amount of funds necessary to satisfy remaining obligations including staff salaries, employee entitlements, necessary operating expenses, maintenance of completed projects, defect rectification as required by law, contingent liabilities, as well as other costs that may crystallise until the last defect liability periods lapses
Permitted Dividend	The intended dividend of up to A\$0.005 per Sunland Share to be paid in July 2024 and such other amounts as Homecorp has given its prior written consent
Quoted Security Price Method	Quoted security price method of valuation
RBA	Reserve Bank of Australia
Realisation Date	The date in or around December 2029 when the last defect liability period will lapse on the most recently completed project
Relevant Interest	A relevant interest in securities of the target company, Sunland
RG 111	ASIC regulatory guide 111 – Content of expert reports
RG 112	ASIC regulatory guide 112 – Independence of experts

SEIF	Sunland Employee Investment Fund
Strategy	Sunland's strategic plan of October 2020 to complete its projects, sell its assets, pay its debts and return the net assets to the Sunland Shareholders
Sun Holdings	Sun Holdings GC Pty Ltd
Sunland	Sunland Group Limited
Sunland Management	The management of Sunland at the date of this report
Sunland Share	Share in Sunland
Sunland Shareholders	Holders of Sunland securities at the date of the Takeover Offer
Takeover Offer	The offer by Homecorp to acquire the Relevant Interest in Sunland
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
YTD	Year to date

**Need help?**

Contact Sunland Group Takeover Information Line  
Phone 1800 642 133 (from within Australia)  
Phone +61 1800 642 133 (from outside Australia)

**A Your name**

SAMPLE NAME 1  
SAMPLE NAME 2  
<SAMPLE A/C>  
SAMPLE ADDRESS 1  
SAMPLE ADDRESS 2

**Your holding**

IID: 12345678910  
Securityholder Reference Number: 112345678910  
Sunland Group Limited Shares held as at Register Date 99,999,999

If your holding has changed between record date and time of acceptance, then write your current holding here. Your acceptance will be granted over your updated holding.

**This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.**

**Transfer and Acceptance Form – Issuer Sponsored Subregister**

This is a personalised form for the sole use of the holder and holding recorded above.

**B You must give your instructions to accept the Offer**

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Sunland Group Limited Shares. Your form must be received by the Closing Date.

**Offer Consideration** – The Offer Consideration is \$ 0.045 per Sunland share you own.

**C Contact details**

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

**D You must sign this form for your instructions in this Acceptance Form to be executed**

I/We, the person(s) named above, accept the Offer in respect of all my/our Sunland Group Limited Shares and hereby agree to transfer to Sun Holdings GC Pty Ltd all my/our Sunland Group Limited Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

**Please refer overleaf for further important instructions**

REGISTRY USE ONLY



SRN



Holding

SGDT TKO001



## Further Important Instructions

Your Sunland Group Limited Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 19 July 2024 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

### Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Sunland Group Limited Registry.
- **Please note** your consideration will be issued in the names as they appear on the Sunland Group Limited register.
- D** • **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
  - **Joint Shareholders:** If your Sunland Group Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
  - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
  - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
  - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

**Personal Information Collection Notification Statement:** Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

### Lodgement instructions

- Mail completed Acceptance Form(s) and any other documents required by the above instructions to:

#### Mailing Address

Link Market Services Limited  
Sun Holdings Sunland Offer  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

- A reply paid envelope is enclosed for use within Australia.
- To accept the Offer via email, you must sign the Acceptance form and send a copy to [takeover@linkmarketservices.com.au](mailto:takeover@linkmarketservices.com.au)

**Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (AEST) on the last day of the Offer Period.**

**If you have any questions about the terms of the Offer or how to accept, please call the Sunland Group Takeover Information Line on the following numbers:**

**within Australia: 1800 642 133**  
**outside Australia: +61 1800 642 133**