

SUNLAND GROUP LIMITED

ACN 063 429 532

SCHEME BOOKLET

for a scheme of arrangement in relation to the proposed acquisition of all your fully paid ordinary shares in Sunland Group Limited by Sun Holdings GC Pty Ltd ACN 677 077 771.

The Sunland Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, you

VOTE IN FAVOUR OF THE SCHEME

Subject to those same qualifications, each Sunland Director who holds Sunland Shares intends to vote in favour of the Scheme at the Scheme Meeting.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THE DOCUMENT IN ITS ENTIRETY BEFORE YOU DECIDE HOW TO VOTE ON THE SCHEME. IF YOU HAVE ANY QUESTIONS AS TO HOW TO DEAL WITH THIS DOCUMENT, PLEASE CONSULT YOUR BROKER OR FINANCIAL, LEGAL, TAXATION OR OTHER PROFESSIONAL ADVISERS.

If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

Legal Adviser to Sunland



Legal Adviser to Sun Holdings



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WHAT IS THE SCHEME?

Sunland and Sun Holdings have agreed to undertake a scheme of arrangement under Part 5.1 of the Corporations Act between Sunland and Sunland Shareholders (**Scheme**). The full details of the Scheme are summarised in Section 3 of this Scheme Booklet including the Scheme Conditions which must be satisfied or (if permitted) waived. If the Scheme becomes Effective, on the Implementation Date, Sun Holdings will, in accordance with the terms of the Scheme:

1. acquire 100% of the shares in Sunland; and
2. provide the Scheme Consideration to Scheme Participants.

WHAT ARE YOUR CHOICES?

As a Sunland Shareholder, you have three choices available to you.

Option 1 – Vote at the Scheme Meeting either in favour of or against the Scheme:

- (a) **Vote in favour of the Scheme:** The Sunland Directors believe that the Scheme is in the best interests of Sunland Shareholders and recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, that you vote in favour of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders. To follow the Sunland Directors' unanimous recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting. As at the Last Practicable Date, the number of Sunland Shares held by or on behalf of each Sunland Director are as follows:

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

- (b) **Vote against the Scheme:** Notwithstanding the Sunland Directors' recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, you may choose not to support the Scheme and to vote against the Scheme Resolution at the Scheme Meeting.

Details of how to vote are set out in Section 4 of this Scheme Booklet.

Option 2 – Sell your Sunland Shares:

You may sell some or all of your Sunland Shares by way of private treaty for cash at any time before 12pm on the Effective Date. If you sell your Sunland Shares, you may incur brokerage costs and the price that you receive may be more or less than the Scheme Consideration.

Option 3 – Do nothing:

If you do not wish to vote for or against the Scheme Resolution, or sell your Sunland Shares, you may choose to do nothing.

You should be aware that even if you do not vote, or vote against the Scheme, and the Scheme Resolution is passed by the Requisite Majorities and the Scheme Conditions are satisfied or (if permitted) waived, then any Sunland Shares held by you on the Record Date will be transferred to Sun Holdings.

If the Scheme does not proceed, subject to any alternate corporate transactions, Sunland Shareholders will continue to hold their Sunland Shares and will not receive the Scheme Consideration and Sunland will continue operating as a standalone entity.

WHAT SHOULD YOU DO NEXT?

1. **Read the remainder of this Scheme Booklet**
2. **Ask questions:** If you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time). Please consult your broker, financial adviser or legal adviser, or other professional advisers before making any investment decision in relation to the Scheme.
3. **Consider your options:** You should refer to Sections 1.3 and 1.4 of this Scheme Booklet for further guidance on the expected advantages and possible disadvantages of the Scheme.
4. **Vote on the Scheme:** Your vote is important. For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting. Please refer to Section 4 of this Scheme Booklet for a summary of the voting procedures for the Scheme Meeting.

IMPORTANT NOTICES

Read this Scheme Booklet

This Scheme Booklet is important. You should read this Scheme Booklet carefully, and in its entirety, including the Independent Expert's Report, before deciding whether or not to vote in favour of the Scheme Resolution.

Capitalised terms used in this Scheme Booklet are defined in the Glossary of terms in Section 10.1. The Glossary also sets out some rules of interpretation that apply to this Scheme Booklet in Section 10.2.

If you have any doubts as to what you should do with this Scheme Booklet, please contact your legal, financial, taxation or other professional advisers immediately.

Purpose of this Scheme Booklet

This Scheme Booklet describes the effects of the Scheme and explains the terms of the Scheme, which comprises the proposed acquisition of 100% of the Scheme Shares by Sun Holdings by way of a scheme of arrangement under Part 5.1 of the Corporations Act. It includes certain information required by law and all other information known to the Sunland Directors and the Sun Holdings Director which, in their opinion, is material to how you may vote (other than information previously disclosed to Sunland Shareholders).

This Scheme Booklet also sets out the manner in which the Scheme will be implemented (if all of the Scheme Conditions are satisfied or (if permitted) waived) and provides such information as is prescribed by law or is otherwise considered material to the decision of Sunland Shareholders as to whether or not to vote in favour of the Scheme Resolution.

This Scheme Booklet constitutes an explanatory statement under section 412(1) of the Corporations Act.

This Scheme Booklet and the Scheme do not in any way constitute or contain an offer to Sunland Shareholders, or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation.

This Scheme Booklet is not a disclosure document or product disclosure statement.

Important notices associated with the Court order under subsection 411(1) of the Corporations Act

A copy of this Scheme Booklet has been submitted to the Court to obtain an order of the Court approving the convening of the Scheme Meeting.

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court has:

- formed any view as to the merits of the Scheme or as to how Sunland Shareholders should vote on the Scheme Resolution (on this matter, Sunland Shareholders must reach their own decision);
- prepared, or is responsible for the content of, this Scheme Booklet; or
- approved or will approve the terms of the Scheme.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Responsibility for information

Except as provided below, the information in this Scheme Booklet has been prepared by Sunland and is the responsibility of the Sunland Directors. Unless otherwise set out below, Sun Holdings and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any such information.

- Sun Holdings has prepared and is responsible for the Sun Holdings Information. The Sunland Directors and Sunland's officers and advisers have not verified the Sun Holdings Information, have relied on Sun Holdings to verify the Sun Holdings Information, do not assume any responsibility for the accuracy or completeness of the Sun Holdings Information and accordingly, disclaim responsibility and liability for the Sun Holdings Information.
- The Independent Expert, Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987, has provided, and is responsible for, the Independent Expert's Report. Neither the Sunland Directors, Sun Holdings Director nor any of Sunland or Sun Holdings' respective officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except in relation to information given by them to the Independent Expert. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in the Independent Expert's Report. The Independent Expert's Report is set out in Annexure A.
- Link Market Services Limited ACN 083 214 537 (**Link**) has had no involvement in the preparation of any part of this Scheme Booklet other than in carrying out its role as the Sunland Registry. Link has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Scheme Booklet.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

ASIC

A copy of this Scheme Booklet was provided to the Australian Securities and Investments Commission (**ASIC**) in accordance with section 411(2) of the Corporations Act. This Scheme Booklet has been registered with ASIC under section 412(6) of the Corporations Act before being sent to Sunland Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

Notice regarding Second Court Hearing and if a Sunland Shareholder wishes to oppose the Scheme

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Sunland Shareholder may appear at the Second Court Hearing, expected to be held at 3pm on 3 February 2025. The hearing will be at the Supreme Court of New South Wales at 184 Phillip Street, Sydney NSW 2000.

Any Sunland Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Sunland a notice of appearance in the prescribed form together with any affidavit that the Sunland Shareholder proposes to rely on.

The notice of appearance and affidavit must be served on Sunland at its address for service at least one day before the Second Court Hearing. The address for service is:

Sunland Group Limited
C/- Holding Redlich
Level 65, 25 Martin Place
Sydney, NSW 2000 Australia

Investment decisions

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Sunland Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to Sunland Shares and any decision as to whether to vote in favour of the Scheme. The Sunland Directors encourage you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 7, and the views of the Independent Expert as set out in the Independent Expert's Report contained in Annexure A. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional advisor immediately.

Forward-looking statements and intentions

Certain information and statements in this Scheme Booklet relate to future matters. All information and statements (including prospective financial information) other than statements of historical fact are, or may be deemed to be, forward looking statements.

It has been included on the basis that Sunland Shareholders reasonably require the information to make an informed assessment about the Scheme, specifically whether or not to vote in favour of the Scheme Resolution.

You should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, values, performance or achievements expressed or implied of Sunland or Sun Holdings following implementation of the Scheme to be materially different from the future conduct, results, performance or

achievements expressed or implied by such information or statements, or that could cause the future conduct, results, values, performance or achievements to be materially different from historical conduct, results, performance or achievements.

These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in Section 7 of this Scheme Booklet.

Neither the Sunland Directors, Sun Holdings Director, nor any of Sunland or Sun Holdings' respective officers, employees or advisers, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any prospective financial information or forward-looking statements in this Scheme Booklet will actually occur.

Sunland Shareholders are cautioned about relying on any such forward-looking statements. The forward-looking statements in this Scheme Booklet reflect views held on reasonable grounds, only as at the date of this Scheme Booklet.

Subject to the Corporations Act and any other applicable laws or regulations, Sunland and Sun Holdings disclaim any duty to update any prospective financial information or forward-looking statements other than with respect to information that they become aware of prior to the Scheme Meeting which is material to the making of a decision regarding whether or not to vote in favour of the Scheme Resolution. Additionally, statements of the intentions of Sunland or of the Sunland Directors reflect present intentions as at the date of this Scheme Booklet and may be subject to change.

Privacy and personal information

Sunland and Sun Holdings may need to collect personal information to implement the Scheme.

The personal information may include the names, contact details, bank account details and details of shareholdings of Sunland Shareholders, together with contact details of individuals appointed as proxies, representatives of bodies corporate or attorneys for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Sunland and Sun Holdings to conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to Sunland and Sun Holdings and their respective Related Bodies Corporate; and advisers, print and mail service providers, share registries, securities brokers, financial institutions and any other service provider to the extent necessary to effect the Scheme.

Sunland Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Sunland Shareholders may contact the Sunland Registry if they wish to exercise these rights.

If the information outlined above is not collected, Sunland may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Sunland Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

Right to inspect Share Register

Sunland Shareholders have the right to inspect the Share Register under section 173 of the Corporations Act. The Share Register contains personal information of each Sunland Shareholder.

Restricted distribution

The release, publication or distribution of this Scheme Booklet (electronically or otherwise) in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. Sunland and Sun Holdings disclaims all liabilities to such persons.

Nominees, custodians and other Sunland Shareholders who hold Sunland Shares on behalf of a beneficial owner resident outside Australia (including its external territories) may not forward this Scheme Booklet (or accompanying documents) to anyone outside Australia without the consent of Sunland or Sun Holdings and any such Sunland

Shareholders are encouraged to seek independent advice as to how they should proceed.

Data in diagrams, charts, graphs and tables

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this Scheme Booklet.

External websites

Unless expressly stated otherwise, the content of Sunland's and Sun Holdings' websites do not form part of this Scheme Booklet and Sunland Shareholders should not rely on any such content for the purposes of making a decision in respect of the Scheme.

Reference to time

A reference to time in this Scheme Booklet is to Sydney time, unless otherwise indicated.

Date of this Scheme Booklet

This Scheme Booklet is dated 3 December 2024.

IMPORTANT DATES

Event	Date and time
First court hearing First court hearing for convening of the Scheme Meeting by the Court	3 December 2024
Date of Scheme Booklet	3 December 2024
Permitted Dividend declared (if declared)¹ Date when the Sunland Board may determine the Permitted Dividend.	6 January 2025
Permitted Dividend Special Announcement Whether or not dividends are declared	9 January 2025
Despatch of Special Announcement	10 January 2025
Permitted Dividend Record Date (if declared) Time and date for determining entitlements to Permitted Dividend (if declared) is the first Business Day that is 7 days after the declaration of the Permitted Dividend (if any)	7:00pm (Sydney time) 14 January 2025
Proxy return date Latest time and date for receipt of Proxy Forms or powers of attorney by the Sunland Registry for the Scheme Meeting 48h before the Scheme Meeting	11:30am (Sydney time) on 18 January 2025
Scheme Meeting Court ordered meeting to consider and vote on the Scheme Resolution	10:30am (Brisbane time) on 20 January 2025
<i>If the Scheme is approved by Sunland Shareholders and all the other Scheme Conditions in connection with the Scheme are satisfied or (if permitted) waived, the following important dates apply:</i>	
Second Court Hearing Second Court Hearing for approval of the Scheme by the Court	3 February 2025
Effective Date Effective Date of the Scheme: <ul style="list-style-type: none"> ▪ date on which the Scheme becomes Effective and is legally binding on Sunland Shareholders; and ▪ lodgement of the Scheme Order with ASIC. 	3pm (Sydney time) on 3 February 2025
Record Date Time and date for determining entitlements to Scheme Consideration	7:00pm (Sydney time) on 13 February 2025
Permitted Dividend Payment Date (if declared) The Permitted Dividend (if declared) is distributed by Sunland the day that is 1 Business Day before the Implementation Date	19 February 2025
Implementation Date The Scheme is implemented and the Scheme Consideration is distributed by Sunland	20 February 2025

All times and dates in the above timetable are indicative only, references to the time and date relate to Sydney, Australia unless otherwise stated and all such times and dates are subject to change. Certain times and dates are conditional on the approval of the Court. Any changes will be announced by Sunland on its Website.

¹ Subject to the determination of the Sunland Board.

LETTER FROM THE SUNLAND CHAIR

3 December 2024

Dear Sunland Shareholders,

On behalf of the directors of Sunland Group Limited (**Sunland**), I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration about the proposed acquisition by Sun Holdings GC Pty Ltd (**Sun Holdings**) of 100% of Sunland shares on issue (**Sunland Shares**) via a scheme of arrangement (**Scheme**).

Under the Scheme, Sunland Shareholders as at the Record Date² will receive a cash amount of \$0.0675 per Sunland Share less the amount of any dividend (up to \$0.065 per Sunland Share) that may be declared by the Sunland Directors (**Permitted Dividend**). It is in the Sunland Directors absolute discretion whether to declare the Permitted Dividend and if so the amount of the Permitted Dividend. It is expected that any dividend declared in the financial year ending 30 June 2025 would be fully franked at the tax rate of 25%.

Scheme of Arrangement

Scheme

Having completed its review of the various proposals set out below and undertaken detailed discussions and negotiations with Sun Holdings, supported by its professional advisers, Sunland announced on 24 October 2024 that it had entered into a Scheme Implementation Agreement with Sun Holdings. The Sunland Directors believe, that in the absence of a Superior Proposal, the Scheme reflects an improved set of transaction terms compared with the previous offers received by the Sunland Directors, namely: Sun Holdings Takeover Offer, the Harvest Lane Proposal and the Abedian Proposal (each described in “Background to the Scheme” below).

The Scheme is subject to approval by Sunland Shareholders and the Court, and certain other Scheme Conditions (which are set out in this Scheme Booklet).

Scheme Consideration: what will you receive under the Scheme?

Under the Scheme, Sunland Shareholders as at the Record Date will receive a cash amount of \$0.0675 per Sunland Share, less the amount of any Permitted Dividend (**Scheme Consideration**).

If the Permitted Dividend is declared, Sunland intends that, upon the Scheme becoming Effective³ all Sunland Shareholders as at the Permitted Dividend Record Date receive a Permitted Dividend of up to \$0.065 per Sunland Share (such figure being indicative only and not reflective of the actual quantum of the dividend which could be a lower amount – if any) payable on the Permitted Dividend Payment Date.

The effect of the declaration and payment of the Permitted Dividend is that it will reduce the Scheme Consideration payable by the amount of the Permitted Dividend. For example, if the Permitted Dividend is \$0.065 per Sunland Share, the Scheme Consideration will be \$0.0025 per Sunland Share. Scheme Consideration will be paid on the Implementation Date.

The Sunland Directors have absolute discretion on whether to declare the Permitted Dividend and if they do so declare, the amount, and this determination will occur prior to the Scheme Meeting and payment of the Permitted Dividend will then be conditional upon the Scheme becoming Effective.

² means the record date for determining entitlements to the Scheme Consideration, being the first Business Day that is the seventh Business Day after the Effective Date, which is expected to be 5:00pm (Sydney time) on 13 February 2025, or such other date as Sunland and Sun Holdings agree in writing.

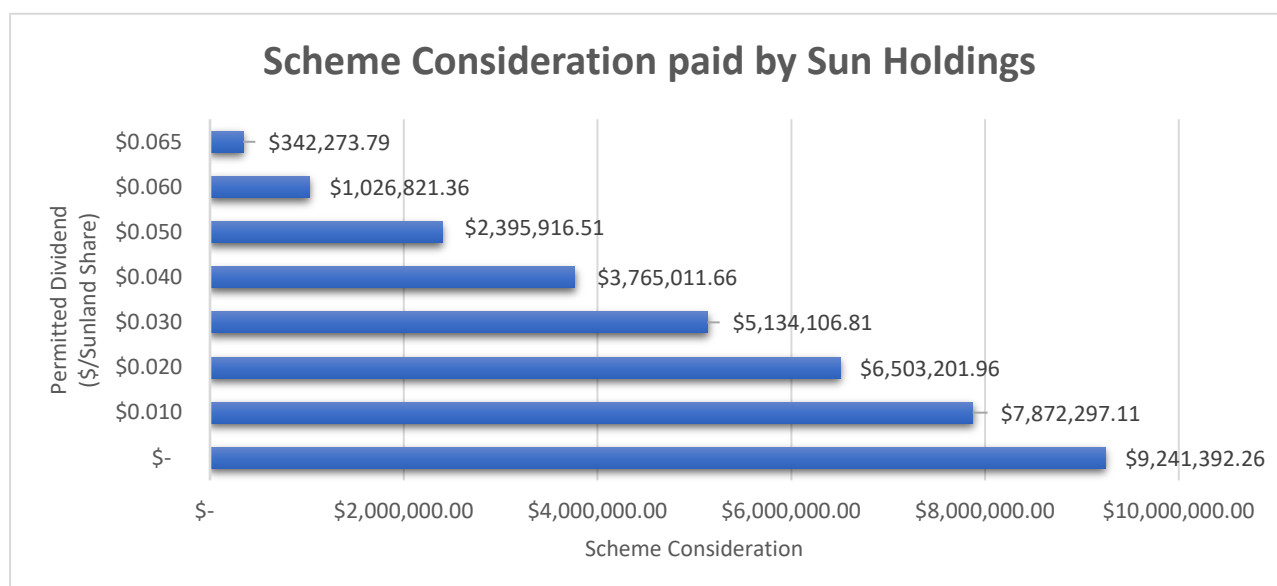
³ means when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme (**Effective**).

If Sunland Directors do not declare any Permitted Dividend, and upon the Scheme becoming Effective, Sun Holdings will be required to pay a total Scheme Consideration of \$9,241,392.26 to the Sunland Shareholders.

If the maximum Permitted Dividend is declared by the Sunland Directors, and upon the Scheme becoming Effective, Sunland will pay a total Permitted Dividend of \$8,899,118.47 to Sunland Shareholders, and in turn Sun Holdings will pay \$342,273.79 in Scheme Consideration to the Sunland Shareholders. In this scenario, the Permitted Dividend will constitute just over 96% of the total cash amount paid to the Sunland Shareholders.

In either scenario, upon the Scheme becoming Effective, Sunland Shareholders, as at the Record Date, will receive a cash amount of \$0.0675 per Sunland Share (from the aggregate of the amount of any Permitted Dividend and the Scheme Consideration).

The graphical representation below highlights the relevant proportions of Scheme Consideration payable compared to the amount of the Permitted Dividend declared (if any).



The Sunland Directors' decision regarding the Permitted Dividend (whether or not dividends are declared) will be disclosed via Sunland's Website and each Sunland Shareholder will receive a Special Announcement which will confirm whether the Permitted Dividend has been declared and, if so, the amount of the Permitted Dividend.

Background to the Scheme

Sun Holdings Takeover Offer

Following an unsolicited proposal from Homecorp Property Group Pty Ltd ACN 162 293 763 (**Homecorp**), Sunland entered into a bid implementation agreement with Homecorp on 2 July 2024 under which Homecorp's Associate, Sun Holdings, made an off-market takeover offer for all of the Sunland Shares. Under that offer, Sunland Shareholders would have received total consideration of \$0.05 for each Sunland Share (including \$0.045 from Homecorp and a dividend of \$0.005 per Sunland Share), subject to conditions including a 90% minimum acceptance condition (**Sun Holdings Takeover Offer**). On 3 September 2024 the Sun Holdings Takeover Offer lapsed, as its conditions had not been met.

Other proposals

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

Independent Expert opinion

The Sunland Directors appointed Grant Thornton Corporate Finance Pty Limited ACN 003 265 987 (the **Independent Expert**) to prepare the Independent Expert's Report.

The Independent Expert has concluded that the Scheme is both fair and reasonable and in the best interests of Sunland Shareholders in the absence of a superior alternative proposal. The Independent Expert has valued each Sunland Share at a price of between \$0.045 and \$0.06 per Sunland Share. In reaching this conclusion, the Independent Expert has found that:

- the certainty of the cash consideration;
- the liquidity opportunity;
- the competitive bidding process;
- the finalisation of the Strategy including the Scheme Consideration; and
- the absence of brokerage costs,

constituted advantages in relation to the Scheme, and therefore concluded that the Scheme is fair and therefore reasonable to Sunland Shareholders.

A copy of the Independent Expert's Report is included as Annexure A to this Scheme Booklet, and you are encouraged to read that report in full.

Major shareholders voting intentions

As at the date of this Scheme Booklet:

- Havannah Pty Limited ACN 075 189 758 (**Havannah**) owns 21.36% of the Sunland Shares; and
- Pacific Development Corporation Pty Limited ACN 010 504 042 (**Pacific Development**) owns 15.16% of the Sunland Shares.

Havannah and Pacific Development (together **Major Shareholders**) who own in aggregate 36.52% of the Sunland Shares, have notified the Sunland Directors in writing that they intend to vote all their Sunland Shares in favour of the Scheme Resolution, in each case in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

Sunland Directors' recommendation

The Sunland Directors have carefully reviewed the Scheme in consultation with their advisers and unanimously recommend that you vote in favour of the Scheme, and each Sunland Director intends to vote (or procure the voting of) all of the Sunland Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders. As at the Last Practicable Date, the number of Sunland Shares held by or on behalf of each Sunland Director are as follows:

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

Reasons for the Sunland Director's Recommendation

In October 2020, Sunland announced its strategy to return net assets to Sunland Shareholders (**Strategy**).⁴ At that time, the net asset value of the Sunland Group was \$2.56 per Sunland Share and Sunland Shares were trading at approximately \$1.33 each. Since this announcement, Sunland has realised assets, repaid liabilities, met Operating and Strategy Costs and returned surplus funds to shareholders totalling \$3.425 per Sunland Share, of which \$2.525 per Sunland Share was returned to Sunland Shareholders by way of fully franked dividends and \$0.90 per Sunland Share by way of a capital payment.

There has been no platform for the trading of Sunland Shares since Sunland was delisted. Sunland Share price was last traded at \$0.073 per Sunland Share, prior to the Sunland Delisting. The completion of the Scheme will provide a liquidity event and enable Sunland Shareholders to crystallise their investment in Sunland Shares. If the Scheme proceeds, the Strategy would have realised cash distributions (including the Scheme Consideration) totalling \$3.4925 for each Sunland Share (excluding franking credits at the relevant tax rate at the time the dividends will be or were paid).

The Sunland Group has ongoing Operating and Strategy Costs which are estimated to continue through to 2029/2030 as contractual and other obligations are fulfilled. Sunland 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 Scheme Booklet at Section 5.5.

The Sunland Directors are unanimous in their decision to recommend the Scheme, in the absence of a Superior Proposal, for the following reasons:

- The Sunland Directors believe that the Scheme is in the best interests of Sunland Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.
- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, in the absence of a Superior Proposal.
- The Scheme Consideration exceeds the value range applied by the Independent Expert of between \$0.045 and \$0.06 per Sunland Share.
- The Scheme provides Sunland Shareholders with the opportunity to receive certain value of \$0.0675 per Sunland Share in cash, which should be weighed against the risks associated with remaining a Sunland Shareholder. It is expected that any Permitted Dividend (if declared) would be fully franked at the tax rate of 25%.
- All undeveloped inventory and operative 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 until the Strategy is completed at or around December 2029. This makes the timing and value of future distributions uncertain and difficult to forecast.
- 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 are therefore no guarantee future distributions over the course of completing the Strategy which will necessarily exceed the Scheme Consideration.
- There are potentially adverse consequences if you do not vote in favour of the Scheme, including:

⁴ As announced to the ASX on 20 October 2020 and further updated on 30 September 2022 and 22 June 2023.

- 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 Scheme is unsuccessful;
 - the net asset value of Sunland Shares may diminish as Operating and Strategy Costs are incurred to fulfil the Sunland Group's obligations;
 - there is no certainty that Sun Holdings or any other person will make another proposal in the future or that there will be any alternate proposals; and
 - the value and timing of any future distributions to Sunland Shareholders is uncertain.
- Since the announcement of the Scheme and as at the date of this Scheme Booklet, no Superior Proposal has emerged.

Reasons why you may decide not to vote in favour of the Scheme

In forming their unanimous decision to recommend the Scheme to Sunland Shareholders (subject to the qualifications described above), the Sunland Directors considered the potential disadvantages of the Scheme proceeding. In particular:

- You may disagree with the Sunland Directors and Independent Expert.
- If the Scheme is implemented, you will no longer participate in any potential upside from being a Sunland Shareholder.
- You may believe that there is potential for a Superior Proposal to emerge.
- The tax consequences of the Scheme may not suit your financial position.
- You may consider the surplus funds available for distribution through to the conclusion of the Strategy will exceed the Scheme Consideration.

The Sunland Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks, and recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, that you vote in favour of the Scheme Resolution.

See Sections 1.3 and 1.4 for more information on the advantages and disadvantages of the Scheme.

How to Vote

Your vote is important, regardless of how many Sunland Shares you own, and I encourage you to vote by completing and returning the Proxy Form accompanying this Scheme Booklet or alternatively by attending the Scheme Meeting in person, or by proxy, attorney or corporate representative. The Scheme Meeting is currently expected to be held at 10:30am (Brisbane time) on 20 January 2025, in person at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217. For more instructions on how you can vote and participate in the Scheme Meeting, please see Section 4.5 and the Notice of Scheme Meeting at Annexure D.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme Resolution at the Scheme Meeting.

Further Information

The Scheme Booklet sets out important information regarding the Scheme, including the reasons for the Sunland Directors' recommendation (including the interests held by Sunland Directors' in Sunland disclosed at Section 9.2) and the Independent Expert's Report. It also sets out some of the potential reasons why you may wish to vote against the Scheme.

Please read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. I would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Sunland Shares.

If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

Conclusion

On behalf of the Sunland Directors, I would like to take this opportunity to thank you for your commitment to Sunland, and I look forward to your participation at the Scheme Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Freeman', with a long horizontal line extending from the end of the signature.

Chris Freeman

Chair

Sunland Group Limited

LETTER FROM THE SUN HOLDINGS DIRECTOR

3 December 2024

Dear Sunland Shareholders,

We are pleased to have worked with the Sunland Directors to deliver this Scheme Booklet that we anticipate will result in the merger of Sunland Group Limited and Sun Holdings GC Pty Ltd.

As Sun Holdings' sole director, I believe that the Scheme will be beneficial to both companies and provide 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 Scheme provides an attractive alternative to Sunland Shareholders to receive cash up front, rather than under any staged return of capital.

I encourage you to read the Scheme Booklet in full before deciding whether to vote for the merger of Sunland and Sun Holdings.

If you have any questions, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time). Alternatively, contact your independent legal, financial or other professional advisers.

Yours faithfully,



Ron Bakir

Director

Sun Holdings GC Pty Ltd

1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1 Introduction

The Scheme has a number of advantages and disadvantages that may affect Sunland Shareholders in different ways depending on their individual circumstances. Those advantages and disadvantages are described in this Section 1, a summary of which is set out in Section 1.2.

Section 1.3 describes some of the reasons why the Sunland Directors unanimously recommend Sunland Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Sunland Shareholders. Section 1.3 should be read in conjunction with Section 1.4, which sets out reasons as to why Sunland Shareholders may wish to vote against the Scheme. Section 1.5 also sets out some additional considerations that may be relevant to your vote in respect of the Scheme.

While the Sunland Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme outweigh the disadvantages in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote. You should also seek independent financial, legal and taxation advice in respect of your particular circumstances, as appropriate, before making any investment decision in relation to your Sunland Shares.

1.2 Summary of reasons as to why you might vote for or against the Scheme

- (a) Reasons to vote in favour of the Scheme
 - (i) The Sunland Directors believe that the Scheme is in the best interests of Sunland Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.
 - (ii) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, in the absence of a Superior Proposal. In addition, the Scheme Consideration and Permitted Dividend (if declared) exceeds the value range applied by the Independent Expert of between \$0.045 and \$0.06 per Sunland Share.
 - (iii) No Superior Proposal has emerged as at the date of this Scheme Booklet.
 - (iv) The Scheme Consideration and Permitted Dividend (if declared) represents an attractive cash price for your Sunland Shares.
 - (v) There is no active market for Sunland Shares.
 - (vi) No certainty that Sun Holdings or any other person will make another offer for Sunland in the future.
 - (vii) The Major Shareholders have notified the Sunland Directors that they intend to vote all their Sunland Shares in favour of the Scheme Resolution.
- (b) Potential reasons to vote against the Scheme
 - (i) You may disagree with the Sunland Directors and Independent Expert.

- (ii) If the Scheme is implemented, you will no longer participate in any potential upside from being a Sunland Shareholder.
- (iii) You may believe that there is potential for a Superior Proposal to emerge.
- (iv) The tax consequences of the Scheme may not suit your financial position.
- (v) You may consider surplus funds available for distribution at the conclusion of the Strategy will exceed the Scheme Consideration.

1.3 Reasons to vote in favour of the Scheme

This Section 1.3 sets out some of the reasons why the Sunland Directors believe that you should vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders. While the Sunland Directors acknowledge that there are reasons to vote against the Scheme, they believe that the reasons to vote in favour of the Scheme outweigh the reasons to vote against it.

- (a) **The Sunland Directors believe that the Scheme is in the best interests of Sunland Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders**
- (b) **The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, in the absence of a Superior Proposal**

The Sunland Directors appointed Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987) to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

The Independent Expert concluded that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, in the absence of a Superior Proposal. The Scheme Consideration and Permitted Dividend (if declared) exceeds the value range applied by the Independent Expert of between \$0.045 and \$0.06. In reaching this conclusion, the Independent Expert found that the certainty of the cash consideration, the liquidity opportunity, the competitive bidding process, the finalisation of the Strategy including the Scheme Consideration, and the absence of brokerage costs, constituted advantages in relation to the Scheme that was ultimately fair and therefore reasonable to Sunland Shareholders.

Further reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A. Sunland Shareholders should carefully review the Independent Expert's Report in its entirety.

- (c) **No Superior Proposal has emerged as at the date of this Scheme Booklet**
 Since 24 October 2024, being the date on which Sunland announced the Scheme, and up to the date of this Scheme Booklet, no Superior Proposal has emerged. The Sunland Directors are not aware of any Superior Proposal and have no basis to believe that a Superior Proposal is likely to emerge.
- (d) **The Scheme Consideration and Permitted Dividend (if declared) represent an attractive cash price for your Sunland Shares**

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 Sunland Shares have not been able to do so unless they are sold through off market transactions, making Sunland Shares relatively illiquid.

The completion of the Scheme will provide a liquidity event and enable Sunland Shareholders to crystallise their investment in Sunland Shares.

(e) **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.

(f) **No certainty that Sun Holdings or any other person will make another offer for Sunland in the future**

If the Scheme is unsuccessful, Sun Holdings, or any other person, may not make another takeover offer in the future. If Sun Holdings, or any other person, does make a future takeover offer or an alternative scheme of arrangement, it may be at a lower price than the Scheme Consideration.

(g) **Voting intention statements of the Major Shareholders**

As at the date of this Scheme Booklet:

- Havannah Pty Limited ACN 075 189 758 (**Havannah**) owns 21.36% of the Sunland Shares; and
- Pacific Development Corporation Pty Limited ACN 010 504 042 (**Pacific Development**) owns 15.16% of the Sunland Shares.

Havannah and Pacific Development who own in aggregate 36.52% of the Sunland Shares, have notified the Sunland Directors in writing that they intend to vote all their Sunland Shares in favour of the Scheme Resolution, in each case in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

1.4 Reasons why you may choose to vote against the Scheme

(a) **You may disagree with the Sunland Directors and Independent Expert**

Notwithstanding the unanimous recommendation of the Sunland Directors (noting the Sunland Directors' interests in Sunland as disclosed in Section 9.2) and the determination of the Independent Expert, you may believe that the Scheme is not in your best interests.

There is no obligation to follow the recommendation of the Sunland Directors, to agree with the opinion of the Independent Expert, or to vote in favour of the Scheme.

(b) **If the Scheme is implemented, you will no longer participate in any potential upside from being a Sunland Shareholder**

If the Scheme is implemented, your Sunland Shares will be acquired by Sun Holdings, and you will cease to be a Sunland Shareholder. Consequently, you will no longer be entitled to participate in the future financial performance of Sunland or exercise the rights of a Sunland Shareholder.

If the Scheme is not implemented, there are risks associated with retaining an investment in Sunland. For further information in relation to these risks, refer to Section 7.2 of this Scheme Booklet.

(c) **You may believe that there is potential for a Superior Proposal to emerge**

You may consider that a Superior Proposal could emerge in the foreseeable future. This may take the form of a takeover offer or an alternative scheme of arrangement, which would deliver total consideration to Sunland Shareholders that exceeds the Scheme Consideration and Permitted Dividend (if declared).

As at the date of this Scheme Booklet, no Superior Proposal has emerged, and the Sunland Directors have no basis to believe that a Superior Proposal is likely to emerge.

(d) **The tax consequences of the Scheme may not suit your financial position**

Implementation of the Scheme may have taxation consequences for Sunland Shareholders. A general guide to the potential Australian taxation implications of the Scheme on Scheme Participants is set out in Section 8.

This guide is expressed in general terms only and Sunland Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

(e) **You may consider surplus funds available for distribution at the conclusion of the Strategy will exceed the Scheme Consideration**

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 Scheme Consideration.

1.5 Other relevant considerations

(a) **Implications if the Scheme does not proceed**

If the Scheme is not implemented:

- (i) Sunland Shareholders will retain their Sunland Shares and remain subject to the risks associated with an investment in Sunland and will not receive the Scheme Consideration and the Permitted Dividend (if declared); and
- (ii) Sunland will continue to operate as a standalone entity and Sunland Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in Sunland.

A summary of the Sunland Board's intentions and key risks if the Scheme is not implemented are set out in Sections 5.5 and 7.2 of this Scheme Booklet.

Certain Transaction Costs have been or will be incurred by Sunland irrespective of whether or not the Scheme is implemented. Sunland's estimated fees and expenses in relation to the Scheme are set out in Section 5.8 of this Scheme Booklet. Risks associated with Transaction Costs are detailed in Section 7.3(a).

(b) **Conditions**

The Scheme is subject to the Scheme Conditions. These Scheme Conditions are summarised in Section 3.6 and set out in full in the Scheme Implementation Agreement.

If these Scheme Conditions are not satisfied or (if permitted) waived before the Second Court Hearing, the Scheme will not be implemented and Sunland

Shareholders will retain their Sunland Shares, and will not receive the Scheme Consideration or the Permitted Dividend (if declared) (see Section 1.5(a)).

As at the date of this Scheme Booklet, the Sunland Directors are not aware of any matter that would result in the non-fulfilment of the Scheme Conditions.

(c) **The Scheme may proceed even if you vote against it, or do not vote at all**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Sunland Shareholders and the Court. This will be subject to the Scheme Conditions being satisfied or (if permitted) waived. If the Scheme is implemented, then you will still be bound by the Scheme even though you have voted against it or not voted.

If this occurs, your Sunland Shares will be transferred to Sun Holdings and you will receive the Scheme Consideration.

(d) **Other matters**

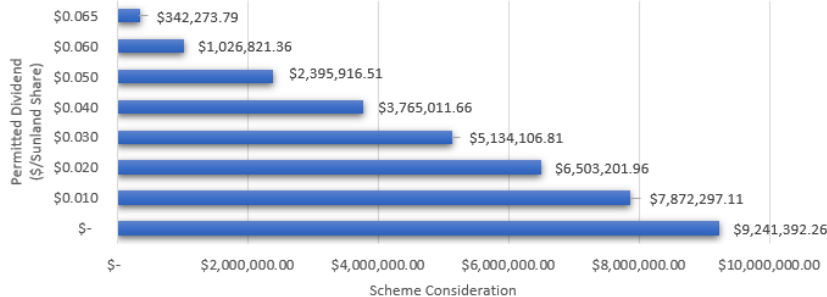
In considering whether to vote in favour of the Scheme, the Sunland Directors encourage you to:

- (i) read this Scheme Booklet including the Independent Expert's Report and other annexures in their entirety;
- (ii) consider the future prospects of Sunland;
- (iii) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances;
- (iv) obtain independent financial advice from your own broker or financial adviser regarding the Scheme; and
- (v) obtain taxation advice on the consequences for you of voting for or against the Scheme.

2 FREQUENTLY ASKED QUESTIONS

This Section answers some potential questions that you may have about the Scheme. It is not intended to address all relevant issues for Sunland Shareholders. This Section should be read together with the other parts of this Scheme Booklet (including the Independent Expert's Report). You should read this Scheme Booklet in full before you decide how to vote at the Scheme Meeting.

Question	Answer	More information
AN OVERVIEW OF THE SCHEME		
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are a Sunland Shareholder and Sunland Shareholders are being asked to vote on the Scheme Resolution to approve the Scheme at the Scheme Meeting. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.	
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Sunland and Sunland Shareholders under Part 5.1 of the Corporations Act. A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used in corporate transactions in Australia that may result in a change of ownership or control of a company (typically known as the 'target' company). In this case Sunland is the target company.</p> <p>In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the 'Requisite Majorities'.</p>	Section 10 'Glossary'
Who are the Sunland Directors?	<p>The Sunland Directors are:</p> <ul style="list-style-type: none"> (a) Ronald John Eames; (b) Christopher Robin Freeman; and (c) Grant John Harrison. 	Section 5.3(a)
Why have the Sunland Directors recommended the Scheme?	<p>The Sunland Directors believe, that in the absence of a Superior Proposal, the Scheme reflects an improved set of transaction terms compared to other proposals received as detailed in the Sunland Chair letter above. This includes the Sun Holdings Takeover Offer, the Harvest Lane Proposal and the Abedian Proposal.</p> <p>For further details on the reasons to vote for and against the Scheme Resolution please refer to Section 1 of the Scheme Booklet.</p> <p>The Sunland Directors believe the reasons to vote 'for' outlined in Section 1.3 outweigh the reasons to vote 'against' the Scheme Resolution outlined in Section 1.4 in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.</p>	Section 1

Question	Answer	More information												
	<p>Subject to those same qualifications, each Sunland Director who holds or controls Sunland Shares intends to vote in favour of the Scheme. As at the Last Practicable Date, the number of Sunland Shares held by or on behalf of each Sunland Director are as follows:</p> <table border="1" data-bbox="437 461 1142 763"> <thead> <tr> <th data-bbox="437 461 743 580">Director</th> <th data-bbox="743 461 951 580">Number of Sunland Shares</th> <th data-bbox="951 461 1142 580">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="437 580 743 629">Grant John Harrison</td> <td data-bbox="743 580 951 629">710,458</td> <td data-bbox="951 580 1142 629">0.51%</td> </tr> <tr> <td data-bbox="437 629 743 714">Christopher Robin Freeman</td> <td data-bbox="743 629 951 714">50,000</td> <td data-bbox="951 629 1142 714">0.04%</td> </tr> <tr> <td data-bbox="437 714 743 763">Ronald John Eames</td> <td data-bbox="743 714 951 763">30,000</td> <td data-bbox="951 714 1142 763">0.02%</td> </tr> </tbody> </table>	Director	Number of Sunland Shares	Percentage	Grant John Harrison	710,458	0.51%	Christopher Robin Freeman	50,000	0.04%	Ronald John Eames	30,000	0.02%	Section 9.2
Director	Number of Sunland Shares	Percentage												
Grant John Harrison	710,458	0.51%												
Christopher Robin Freeman	50,000	0.04%												
Ronald John Eames	30,000	0.02%												
Have Sunland Major Shareholders given any statement of their intention to vote in favour of the Scheme?	Yes, Major Shareholders who own in aggregate 36.52% of the Sunland Shares, have notified the Sunland Directors in writing that they intend to vote all their Sunland Shares in favour of the Scheme Resolution, in each case in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.	Section 1.3(g)												
What happens if the Scheme is approved and becomes Effective?	<p>If the Scheme becomes Effective, on the Implementation Date:</p> <p>(a) all of the Sunland Shares held by Scheme Participants will be transferred to Sun Holdings without any need for action by Scheme Participants and Sunland will upon implementation become a wholly owned subsidiary of Sun Holdings.</p> <p>(b) in exchange for their Sunland Shares, Scheme Participants will receive the Scheme Consideration which is cash of \$0.0675 per Sunland Share, less the amount of any Permitted Dividend (which is in the Sunland Directors absolute discretion to declare).</p> <p style="text-align: center;">Scheme Consideration paid by Sun Holdings</p>  <p>To become Effective, the Scheme Conditions must be satisfied or (if permitted) waived. The Scheme Conditions are</p>	Section 3												

Question	Answer	More information
	<p>summarised in Section 3.6 of this Scheme Booklet and are set out in the Scheme Implementation Agreement.</p> <p>See Section 3.9 of this Scheme Booklet for details regarding implementation of the Scheme.</p>	
<p>What are the options for Sunland Shareholders?</p>	<p>Sunland Shareholders may:</p> <ul style="list-style-type: none"> (a) vote in favour of the Scheme by voting ‘for’ the Scheme Resolution at the Scheme Meeting; (b) vote against the Scheme Resolution at the Scheme Meeting; (c) sell their Sunland Shares by private treaty before 12pm on the Effective Date (currently expected to be 4 February 2025); or (d) do nothing. 	
<p>What are the reasons to vote for or against the Scheme?</p>	<p>The key reasons to vote in favour of the Scheme Resolution are considered in Section 1.3 of this Scheme Booklet.</p> <p>The reasons you may want to vote against the Scheme Resolution are considered in Section 1.4 of this Scheme Booklet.</p> <p>Other considerations relevant to your vote are detailed in Section 1.5 of this Scheme Booklet.</p> <p>You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Sunland Shareholders and the Court. This will be subject to the Scheme Conditions being satisfied or (if permitted) waived.</p> <p>If the Scheme is implemented, then you will still be bound by the Scheme even though you have voted against it or not voted.</p>	<p>Sections 1.3 to 1.4</p>
<p>What is the opinion of the Independent Expert?</p>	<p>The Independent Expert has considered the merits of the Scheme and has concluded that the Scheme is both fair and reasonable and in the best interests of Sunland Shareholders.</p>	<p>Annexure A</p>
WHO PARTICIPATES IN THE SCHEME AND THE TIMETABLE		
<p>Who participates in the Scheme?</p>	<p>If the Scheme becomes Effective, the registered holders of Sunland Shares on the Record Date will participate in, and be bound by, the Scheme. These persons are referred to in the Scheme and in this Scheme Booklet as ‘Scheme Participants’.</p> <p>It is expected that the Record Date will be the seventh Business Day after the Effective Date. This date may change. Any changes will be announced on Sunland’s Website.</p>	
<p>What will I receive under the Scheme?</p>	<p>If the Scheme becomes Effective, you will be entitled to the Scheme Consideration, being cash of \$0.0675 per Sunland Share, less the amount of any Permitted Dividend (which is in the Sunland Directors absolute discretion to declare).</p>	
<p>Am I eligible to receive the</p>	<p>Yes, provided that:</p>	

Question	Answer	More information
Permitted Dividend?	<p>(a) the Sunland Board determines (in their absolute discretion) to declare and pay the Permitted Dividend (if any); and</p> <p>(b) you are registered as a Sunland Shareholder on the Permitted Dividend Record Date.</p>	
When will I receive the Permitted Dividend?	<p>If the Sunland Directors, in their absolute discretion, declare the Permitted Dividend, they will do so on 6 January 2025, and the Permitted Dividend will only be payable to Sunland Shareholders conditional upon the Scheme becoming Effective and will be paid on the Permitted Dividend Payment Date.</p> <p>If the Permitted Dividend is not declared or the Scheme does not become Effective, the Permitted Dividend will not be paid to Sunland Shareholders.</p>	
Will the Permitted Dividend be franked?	The Sunland Board currently intends that any Permitted Dividend (if determined) paid in the financial year ending 30 June 2025 will be fully franked at the tax rate of 25%.	Section 8
Will I get the benefit of franking credits attached to the Permitted Dividend?	<p>If a fully franked Permitted Dividend of up to \$0.065 per Sunland Share is determined by Sunland Directors (at their absolute discretion) and paid, certain Sunland Shareholders may be able to realise the value of franking credits that will be attached to the Permitted Dividend at a tax rate of 25%. Sunland Shareholders may be entitled to an Australian tax offset equal to the franking credits attached to the Permitted Dividend.</p> <p>Whether a Sunland Shareholder will realise the benefit of any franking credits attached to the Permitted Dividend (if any) will depend in part on their own personal circumstances. To the extent to which a Sunland Shareholder will be able to realise the benefit of any franking credits will depend on (amongst other things) whether the Scheme becomes Effective, a Permitted Dividend is determined and paid on the Permitted Dividend Payment Date, the value of the Permitted Dividend, and the individual circumstances of the Sunland Shareholder.</p> <p>The comments in this Scheme Booklet are general in nature and should not be relied upon as advice for your taxation affairs. It is recommended that you consult your financial, legal, taxation or other professional adviser with respect to the potential tax consequences of receiving the Permitted Dividend.</p>	Section 8
How will Sunland fund the Permitted Dividend (if determined)?	Sunland intends to fund the payment of the Permitted Dividend (if any) by drawing on its current cash and retained earnings available.	
How will I receive the payment of the Scheme Consideration?	<p>If the Scheme becomes Effective, Sunland will make each payment on the Implementation Date by either:</p> <p>(a) sending (or procuring the Sunland Registry to send) the payment to the Scheme Participant's Registered Address</p>	Section 3.2

Question	Answer	More information
	<p>by cheque in Australian currency drawn out of the Scheme Trust Account; or</p> <p>(b) depositing (or procuring the Sunland Registry to deposit) the payment into an account with any Australian ADI (as defined in section 9 of the Corporations Act) notified to Sunland (or the Sunland Registry) by an appropriate authority from the Scheme Participants.</p>	
<p>Is Sun Holdings bound to pay the Scheme Consideration?</p>	<p>Yes. Under the Scheme, if the Scheme becomes Effective, Sun Holdings must ensure it has sufficient cash to pay Scheme Consideration to all Scheme Participants on the Implementation Date.</p> <p>Homecorp has entered into a binding commitment with Sun Holdings, obliging it to provide up to the full Scheme Consideration to Sun Holdings as and when required by Sun Holdings. Homecorp has also entered into the Deed Poll to guarantee Sun Holdings' obligations in relation to the Scheme.</p>	<p>Section 6.1(b)</p>
<p>When will the Scheme become Effective?</p>	<p>Subject to satisfaction or (if permitted) waiver of the Scheme Conditions to the Scheme, it is expected that the Scheme will become Effective on 4 February 2025.</p>	<p>Section 3.6 and Scheme Implementation Agreement</p>
<p>SCHEME CONDITIONS AND KEY IMPLICATIONS (IF THE SCHEME PROCEEDS OR LAPSES)</p>		
<p>What will happen to Sunland if the Scheme becomes Effective?</p>	<p>If Sunland Shareholders and the Court approve the Scheme and the Scheme becomes Effective, on the Implementation Date, Scheme Participants will be paid the Scheme Consideration.</p> <p>Upon implementation, Sunland will become a wholly owned subsidiary of Sun Holdings.</p>	<p>Sections 3.8 and 6.2</p>
<p>How does the Permitted Dividend affect the Scheme Consideration?</p>	<p>If a Permitted Dividend is determined and paid, the amount payable by Sun Holdings as cash consideration under the Scheme (the Scheme Consideration) of \$0.675 will be reduced by an amount equal to the cash amount of the Permitted Dividend. Accordingly, the Scheme Consideration will be \$0.675 for each Sunland Share you hold on the Scheme Record Date, less the amount of any Permitted Dividend.</p>	
<p>What is the Permitted Dividend?</p>	<p>The Sunland Board currently intends to determine a fully franked Permitted Dividend (at a tax rate of 25%) of up to \$0.065 per Sunland Share which, subject to the Scheme becoming Effective, is expected to be paid on the Permitted Dividend Payment Date.</p> <p>A determination of whether or not to pay a Permitted Dividend and the amount of any Permitted Dividend will be made by the Sunland Directors at their absolute discretion and will depend upon a number of factors.</p>	<p>Section 8</p>
<p>When will I know if the Permitted</p>	<p>The Sunland Board's decision regarding whether any Permitted Dividend will be declared, and if so what amount, will be disclosed via the Sunland Website and each Sunland</p>	<p>Section 8</p>

Question	Answer	More information
Dividend has been declared?	Shareholder will receive a Special Announcement containing that information, before the Scheme Meeting (regardless of whether the Permitted Dividend is declared or not).	
What are the tax implications of the Scheme?	<p>Implementation of the Scheme may have taxation implications for Scheme Participants, some of which may be adverse. The taxation implications of the Scheme will differ depending on the individual circumstances of each Scheme Participant.</p> <p>Please carefully read and consider Section 8 of this Scheme Booklet, which provides general information on the Australian taxation implications of the Scheme. The information is expressed in general terms and does not constitute taxation advice in respect of the particular circumstances of any Scheme Participant.</p> <p>Your decision on how to vote at the Scheme Meeting should be made only after consultation with your financial, legal, taxation and other professional advisers based on your own investment objectives, financial situation, taxation position and particular needs.</p>	Section 8
Will I be required to pay broker fees?	Scheme Participants will not have to pay brokerage on the transfer of their Sunland Shares.	
What is the Scheme conditional on?	<p>Implementation of the Scheme is subject to a number of conditions precedent (Scheme Conditions), including Sunland Shareholder and Court approval.</p> <p>The Scheme will not be implemented if all the Scheme Conditions are not satisfied or (if permitted) waived in accordance with the Scheme Implementation Agreement (even if the Scheme is approved by Sunland Shareholders at the Scheme Meeting).</p> <p>At the date of this Scheme Booklet the Sunland Directors are not aware of any Scheme Condition that is likely to prevent the Scheme becoming Effective.</p>	Section 3.6
Can the Scheme be terminated?	Yes. Implementation of the Scheme is subject to the Scheme Implementation Agreement not being terminated prior to the Effective Date.	Section 3.12(g)
What happens if a Superior Proposal for Sunland emerges?	<p>No Superior Proposal has emerged as at the date of this Scheme Booklet.</p> <p>Under the Scheme Implementation Agreement, Sunland is subject to no shop, no talk and no due diligence restrictions during an Exclusivity Period which commenced on the date of the Scheme Implementation Agreement and ends on the earlier of 30 June 2025 and the Implementation Date, unless the Scheme Implementation Agreement is terminated earlier. These restrictions in effect limit Sunland's ability to engage with third parties unless an offer is a genuine unsolicited Competing Transaction that the Sunland Directors determine is a Superior Proposal.</p>	

Question	Answer	More information
	<p>Further details in respect of these restrictions are set out in Section 3.12(f).</p> <p>These restrictions are subject to a fiduciary exception that ensures Sunland is not restricted from taking or refusing to take any action with respect to a Superior Proposal (if one were to emerge) provided Sun Holdings is given five Business Days to provide a counterproposal before Sunland takes any action.</p> <p>If the Sunland Directors determine that the Sun Holdings counterproposal (if made) would not provide an equivalent or superior outcome for Sunland Shareholders compared to the Competing Transaction, the Scheme Implementation Agreement may be terminated by Sunland provided that this determination occurs any time prior to 8:00am on the Second Court Date.</p>	
Is there a break fee?	No. There is no break fee payable by either party under the Scheme Implementation Agreement.	
Who is responsible for Transaction Costs in the event the Scheme Implementation Agreement is terminated prior to implementation of the Scheme?	Sunland and Sun Holdings have agreed to each be responsible for their own Transaction Costs if the Scheme Implementation Agreement is terminated for any reason.	
What happens if the Scheme is not implemented?	<p>If the Scheme for any reason is not implemented:</p> <ul style="list-style-type: none"> (a) Sunland Shareholders will retain their Sunland Shares and remain subject to the risks associated with an investment in Sunland and will not receive the Scheme Consideration; (b) Sunland will continue to operate as a standalone entity; and (c) Sunland Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in Sunland. <p>A summary of the Sunland Directors' intentions and key risks if the Scheme is not implemented are set out in Sections 5.5 and 7.2 of this Scheme Booklet.</p> <p>Certain transaction related costs will be incurred by Sunland irrespective of whether or not the Scheme is implemented. Sunland's estimated fees and expenses in relation to the Scheme are set out in Section 5.8(c)(vi) of this Scheme Booklet.</p>	
SUN HOLDINGS		

Question	Answer	More information
Who is Sun Holdings?	<p>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).</p> <p>Sun Holdings was established as a special purpose vehicle for the purpose of acquiring the Sunland Shares.</p>	Section 6
Who is Homecorp?	<p>Homecorp Property Group Pty Ltd (ACN 162 293 763) (Homecorp) is wholly owned by Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402).</p> <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 across Australia 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 entered into a binding commitment with Sun Holdings, obliging it to provide up to the full Scheme Consideration to Sun Holdings as and when required by Sun Holdings. Homecorp has also entered into the Deed Poll to guarantee Sun Holdings' obligations in relation to the Scheme.</p>	Section 6.1
SCHEME MEETING, VOTING AND APPROVALS		
When will the Scheme Meeting be held?	The Scheme Meeting is scheduled to be held as a physical meeting at 10:30 am (Brisbane time) on 20 January 2025.	Section 4 and Notice of Scheme Meeting in Annexure D
How can I attend?	Sunland Shareholders can only attend the Scheme Meeting in person at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217.	
Who is entitled to vote at the Scheme Meeting?	Each person that is registered as a Sunland Shareholder on the Share Register at the time of the Scheme Meeting is entitled to attend and vote (in person, by proxy or attorney).	Section 4
How do I vote?	<p>Sunland Shareholders may vote on the Scheme Resolution in one of the following ways:</p> <ul style="list-style-type: none"> (a) in person, by attending the Scheme Meeting; (b) by proxy, by completing and lodging the Proxy Form accompanying this Scheme Booklet so that it is received by 11:30am (Sydney time) on 18 January 2025; (c) by attorney; or (d) by a corporate representative (in the case of a corporate Sunland Shareholder). 	Section 4.5 and Notice of Scheme Meeting in Annexure D

Question	Answer	More information
	If you cannot attend the Scheme Meeting, you should appoint a proxy.	
Is voting compulsory?	No, voting is not compulsory. However, your vote is important.	
What happens if I do not vote, or if I vote against the Scheme?	<p>If you do not vote or vote against the Scheme and the Requisite Majorities of Sunland Shareholders do not approve the Scheme, then the Scheme will not proceed.</p> <p>If the Scheme does not proceed, subject to any alternate corporate transactions, Sunland Shareholders will continue to hold their Sunland Shares and will not receive the Scheme Consideration, nor the Permitted Dividend (if declared) and Sunland will continue operating as a standalone entity.</p> <p>However, even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Sunland Shareholders and the Court. This will be subject to the Scheme Conditions being satisfied or (if permitted) waived.</p> <p>If the Scheme is implemented, then you will be bound by the Scheme even though you have voted against it or not voted.</p>	
What am I being asked to vote on?	As a Sunland Shareholder, you are being asked to vote for or against the Scheme Resolution, to approve the Scheme.	Annexure D
What approvals are required at the Scheme Meeting?	<p>For the Scheme to be approved by Sunland Shareholders at the Scheme Meeting, the Scheme Resolution must be passed by the Requisite Majorities, being both:</p> <p>(a) (Headcount test) a majority in number (that is, more than 50%) of Sunland Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, by attorney or corporate representative); and</p> <p>(b) (Voting test) holders of at least 75% of the total number of votes cast on the Scheme Resolution by Sunland Shareholders present and voting at the Scheme Meeting (either in person or by proxy, by attorney or corporate representative).</p> <p>The Court has the power to waive the requirement for the headcount test to be passed.</p> <p>Even if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting, the Scheme will only be implemented if the Scheme Conditions are satisfied or (if permitted) waived.</p>	Section 3.6
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced on Sunland's Website shortly after the conclusion of the Scheme Meeting.	

Question	Answer	More information
ADDITIONAL INFORMATION		
Can I sell my Sunland Shares?	<p>You can sell your Sunland Shares by private treaty before 12pm on the Effective Date. You will not be able to sell your Sunland Shares after this time.</p> <p>If you sell your Sunland Shares before 12pm on the day immediately before the Effective Date:</p> <ul style="list-style-type: none"> (a) you may pay brokerage on the sale; and (b) you will not receive the Scheme Consideration. <p>Your decision on whether to sell your Sunland Shares prior to the Effective Date should be made only after consultation with your financial, legal, taxation and other professional advisers based on your own investment objectives, financial situation, taxation position and particular needs.</p>	
Is there a number that I can call if I have further queries about the Scheme?	<p>If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).</p>	

3 SUMMARY OF THE SCHEME

3.1 Overview of the Scheme

On 23 October 2024, Sunland and Sun Holdings entered into the Scheme Implementation Agreement. The Scheme Implementation Agreement sets out the obligations of Sunland and Sun Holdings in connection with the implementation of the Scheme.

This Scheme Booklet has been prepared pursuant to section 412(1) of the Corporations Act to explain the effect of the Scheme between Sunland and Sunland Shareholders.

If the Scheme becomes Effective:

- (a) the Scheme will apply to, and bind, all persons registered as Sunland Shareholders as at the Record Date (currently proposed to be 13 February 2025). These persons are referred to in the Scheme and in this Scheme Booklet as 'Scheme Participants';
- (b) on the Permitted Dividend Payment Date (if a Permitted Dividend is declared), the Scheme Participants will receive the Permitted Dividend; and
- (c) on the Implementation Date:
 - (i) all of the Sunland Shares held by Scheme Participants will be transferred to Sun Holdings without any need for action by Scheme Participants and upon implementation Sunland will become a wholly owned subsidiary of Sun Holdings; and
 - (ii) Scheme Participants will receive the Scheme Consideration.

To become Effective, the Scheme Conditions must either be satisfied or (if permitted) waived. The Scheme Conditions are summarised in Section 3.6 of this Scheme Booklet and set out in the Scheme Implementation Agreement.

Sun Holdings and Homecorp have executed a Deed Poll in favour of all Scheme Participants under which, subject to the Scheme becoming Effective, Sun Holdings and Homecorp undertake to provide the Scheme Consideration in accordance with the Scheme (a copy of the Deed Poll is set out in Annexure C).

3.2 Scheme Consideration

If all necessary approvals and Scheme Conditions are satisfied or (if permitted) waived, it is proposed that the Scheme will be implemented on the Implementation Date, currently expected to be 20 February 2025.

Scheme Participants will be eligible for the Scheme Consideration on the Implementation Date.

Sunland must, on the Implementation Date and subject to there being sufficient cleared funds in the Scheme Trust Account, pay or procure the payment of the Scheme Consideration to each Scheme Participant from the Scheme Trust Account. Sunland will make each payment by either:

- (a) sending (or procuring the Sunland Registry to send) the payment to the Scheme Participant's Registered Address by cheque in Australian currency drawn out of the Scheme Trust Account; or
- (b) depositing (or procuring the Sunland Registry to deposit) the payment into an account with any Australian ADI (as defined in section 9 of the Corporations Act) notified to Sunland (or the Sunland Registry) by an appropriate authority from the Scheme Participants.

In the case of Sunland Shares held in joint names:

- (a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of Sunland, either to the holder whose name appears first in the Share Register as at the Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of Sunland, either to the holder whose name appears first in the Share Register as at the Record Date or to the joint holders.

3.3 Permitted Dividend

(a) Introduction

- (i) The Sunland Board currently intends to determine and pay a fully franked Permitted Dividend (at the tax rate of 25%) of up to \$0.065 per Sunland Share (such figure being indicative only and not reflective of the actual quantum of the dividend which could be a lower amount, if any) to each Sunland Shareholder registered on the Permitted Dividend Record Date which, subject to the Scheme becoming Effective, is expected to be paid on the Permitted Dividend Payment Date.
- (ii) The effect of the declaration and payment of the quantum of Permitted Dividend is that it will reduce the Scheme Consideration payable by the amount of the Permitted Dividend. For example, if the Permitted Dividend is \$0.065, the Scheme Consideration will be \$0.0025 per Sunland Share.
- (iii) A determination of whether or not to pay a Permitted Dividend will be made by the Sunland Directors prior to the Scheme Meeting and will be disclosed via the Website and each Sunland Shareholder will receive a Special Announcement which will confirm whether the Permitted Dividend has been declared and, if so, the amount. Whether the Sunland Directors decide to declare any Permitted Dividend will depend upon a number of factors, including compliance with the Corporations Act requirements set out below.
- (iv) Sunland intends to fund the payment of the Permitted Dividend (if declared) by drawing down on its current cash and retained earnings available.

(b) Corporations Act Requirements

Under section 254T of the Corporations Act, dividends may only be paid by a company if:

- (i) the company's assets exceed its liabilities immediately before the dividend is determined and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

As part of any decision of the Sunland Directors to declare a Permitted Dividend, it is incumbent on the Sunland Directors to assess, at the relevant time, whether these Corporations Act requirements have been satisfied.

3.4 Announcement regarding any Permitted Dividend

Payment of any Permitted Dividend (if any) will be communicated to Sunland Shareholders prior to the Scheme Meeting via the Website and each Sunland Shareholder will receive the Special Announcement which will confirm whether the Permitted Dividend has been declared, and the amount.

If the Sunland Directors do not declare any Permitted Dividend, and upon the Scheme becoming Effective, Sun Holdings will be required to pay a total Scheme Consideration of \$9,241,392.26 to the Sunland Shareholders.

If the maximum Permitted Dividend is declared by the Sunland Directors, and upon the Scheme becoming Effective, Sunland will pay a total Permitted Dividend of \$8,899,118.47 to Sunland Shareholders, and in turn Sun Holdings will pay \$342,273.79 in Scheme Consideration to the Sunland Shareholders. In this scenario, the Permitted Dividend will constitute just over 96% of the total cash amount paid to the Sunland Shareholders.

In either scenario, upon the Scheme becoming Effective, Sunland Shareholders as at the Record Date will receive a cash amount of \$0.0675 per Sunland Share (from the aggregate of the amount of any Permitted Dividend and the Cash Consideration).

3.5 If the Scheme is not implemented

- (a) If the Scheme does not become Effective:
 - (i) Sunland Shareholders will retain their Sunland Shares and remain subject to the risks associated with an investment in Sunland and will not receive the Scheme Consideration nor the Permitted Dividend; and
 - (ii) Sunland will continue to operate as a standalone entity and Sunland Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in Sunland.
- (b) The key risks relating to an investment in Sunland are set out in Section 7.2 of this Scheme Booklet.

3.6 Scheme Conditions and status

To become Effective, the Scheme Conditions (including the following) must either be satisfied or (if permitted) waived:

- (a) **Regulatory approvals:** before 8.00am on the Second Court Date, ASIC issues or provides any consents or approvals, or has done any other acts, which are reasonably necessary or desirable to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time;
- (b) **Sunland Shareholder approval:** before 8.00am on the Second Court Date, Sunland Shareholders approve the Scheme at the Scheme Meeting by the Requisite Majorities under the Corporations Act;
- (c) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (d) **Regulatory intervention:** no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme and no such order, decree, ruling, other action or refusal is in effect as at 8:00am on the Second Court Date;

- (e) **No Prescribed Occurrence:** no Prescribed Occurrence occurs between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- (f) **No Material Adverse Change:** no Material Adverse Change between the date of the Scheme Implementation Agreement and 8:00am on the Second Court Date;
- (g) **No breach of representation or warranty:** each of the representations and warranties given by Sunland is true and correct in all material respects as at the time it is given under clause 9.1 or 10.1 (as applicable) of the Scheme Implementation Agreement;
- (h) **No breach of representation or warranty:** each of the representations and warranties given by Sun Holdings is true and correct in all material respects as at the time it is given under clause 10.5 of the Scheme Implementation Agreement; and
- (i) **Independent Expert:** the Independent Expert issues the Independent Expert's Report concluding that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders and the Independent Expert does not change its opinion, withdraw or qualify its conclusion in any written update to its Independent Expert's Report or otherwise withdraw the report before 8:00am on the Second Court Date.

The Scheme Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement. The Scheme will not proceed unless all of the Scheme Conditions are satisfied or (if permitted) waived in accordance with the Scheme Implementation Agreement.

As at the date of this Scheme Booklet, neither Sunland nor Sun Holdings is aware of any circumstances that would cause any Scheme Condition not to be satisfied. Sunland will make a statement regarding the status of the Scheme Conditions at the Scheme Meeting.

3.7 Independent Expert's Report

The Sunland Directors commissioned the Independent Expert to prepare the Independent Expert's Report to express an opinion on whether the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is set out in full in Annexure A to this Scheme Booklet. The Sunland Directors encourage you to read this report in full before deciding how to vote on the Scheme.

3.8 Sunland Directors' recommendation and voting intentions

The Sunland Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

Subject to those same qualifications, each Sunland Director intends to vote in favour of the Scheme in respect of all of the Sunland Shares that they own or control. The interests of all Sunland Directors are set out in the below table:

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

In forming their unanimous recommendation, the Sunland Directors have carefully considered the Scheme Conditions, advantages, disadvantages and risks of the Scheme. These matters are described in more detail in Sections 1 and 3 of this Scheme Booklet and in the Independent Expert's Report at Annexure A to this Scheme Booklet.

If a Competing Transaction emerges, the Sunland Directors will carefully consider whether it is a Superior Proposal and advise you of their recommendation.

3.9 Voting intention statements of the Major Shareholders

As at the date of this Scheme Booklet:

- (a) Havannah owns 21.36% of the Sunland Shares; and
- (b) Pacific Development owns 15.16% of the Sunland Shares.

The Major Shareholders who own in aggregate 36.52% of the Sunland Shares, have notified the Sunland Directors in writing that they intend to vote all their Sunland Shares in favour of the Scheme Resolution, in each case in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

3.10 Key steps to implement the Scheme

Following approval of the Scheme by the Court, the key steps to implement the Scheme and relevant information concerning these steps is set out below. All dates following the Scheme Meeting are indicative only and are subject to change. Sunland will announce on its Website any change to the dates set out in the 'Important Dates' Section of this Scheme Booklet.

(a) **Step 1: Permitted Dividend – Sunland Directors to decide whether to declare Permitted Dividend**

The Sunland Board will determine whether to declare the Permitted Dividend at their absolute discretion and, if declared, the amount of the Permitted Dividend, before the Scheme Meeting. Any decision made by the Sunland Board regarding the Permitted Dividend will be disclosed to the Sunland Shareholder on the Sunland Website and each Sunland Shareholder will receive a Special Announcement.

The payment of any Permitted Dividend will then be conditional on the Scheme becoming Effective.

(b) **Step 2: Permitted Dividend Record Date – Sunland to determine entitlements to Permitted Dividend (if declared)**

Sunland Shareholders on the Share Register on the Permitted Dividend Record Date will be entitled to receive the Permitted Dividend (if declared) in respect of the Sunland Shares they hold on that date. The Permitted Dividend Record Date is expected to be 5:00pm (Sydney Time) on 14 January 2025.

For the purposes of determining entitlements to the Permitted Dividend, Sunland will maintain the Share Register in its form as at the Permitted Dividend Record

Date until the Scheme Consideration has been paid to the Scheme Participants. The Share Register in this form will solely determine entitlements to the Permitted Dividend.

(c) **Step 3: Scheme Meeting – Sunland Shareholders to vote on the Scheme at the Scheme Meeting**

In accordance with an order of the Court dated 3 December 2024, Sunland has convened the Scheme Meeting to be held at 10:30am (Brisbane Time) on 20 January 2025 at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217.

The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure D of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in Section 4 of this Scheme Booklet.

At the Scheme Meeting, the Sunland Shareholders must approve the Scheme. For this to occur, the Scheme Resolution must be approved by the Requisite Majorities being:

- (i) **(Headcount test)** unless the Court orders otherwise, a majority in number (that is, more than 50%) of Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative); and
- (ii) **(Voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative).

The Court has the power to waive the requirement for the headcount test to be passed.

The steps described below will only occur if the Scheme Resolution is passed by the Requisite Majorities.

Voting on the Scheme Resolution will be conducted by way of a poll. Sunland Shareholders (who are present in person, by proxy, by attorney or corporate representative) will have one vote for each Sunland Share that they hold.

Guidance on eligibility for voting and instructions on how to vote at the Scheme Meeting are set out in Section 4 of this Scheme Booklet and the Notice of Scheme Meeting (which contains the Scheme Resolution) in Annexure D of this Scheme Booklet.

The results of the Scheme Meeting will be announced at the conclusion of the Scheme Meeting and released as soon as possible following the Scheme Meeting on Sunland's Website.

(d) **Step 4: Second Court Hearing – Sunland to apply to the Court for approval of the Scheme**

Sunland will apply to the Court for approval of the Scheme by way of the Scheme Order if both:

- (i) the Scheme is approved by the Requisite Majorities at the Scheme Meeting (including where the requirement to pass the headcount test is waived by the Court); and
- (ii) all of the other Scheme Conditions (other than Court approval) have been satisfied or (if permitted) waived by the Second Court Date.

Any Sunland Shareholder and, with the Court's permission, any other interested person has a right to appear at the Second Court Hearing.

(e) **Step 5: Effective Date – Sunland to make the Scheme Effective**

If the Court approves the Scheme at the Second Court Hearing by making the Scheme Order, Sunland will lodge an office copy of the Scheme Order with ASIC. Once the Scheme Order is lodged, the Scheme will become Effective on that date (referred to in this Scheme Booklet as the Effective Date) and binding on Sun Holdings, Sunland and each Scheme Participant.

On the Effective Date, Sunland will publish a copy of the Scheme Order on its Website and suspend transfers (including any registration) of Sunland Shares with effect from 12pm on the Effective Date which is currently expected to be 4 February 2025. This means that:

- (i) all statements of holding for Sunland Shares will cease to have any effect as documents of title in respect of those Sunland Shares; and
- (ii) each entry on the Share Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

Once the Scheme is Effective, each Scheme Participant irrevocably appoints Sunland and each of the Sunland Directors and Sunland's officers (jointly and severally) as its attorney and agent for the purposes of enforcing the Deed Poll against Sun Holdings and Homecorp and executing any document or doing any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, without further action by the Scheme Participant. For the avoidance of doubt, this appointment extends to the execution of a proper instrument of transfer in respect of a Scheme Participant's Sunland Shares and communicating to Sun Holdings the various consents and notifications provided by the Scheme Participant pursuant to the Scheme.

(f) **Step 6: Record Date – Sunland to determine entitlements to Scheme Consideration**

Sunland Shareholders on the Share Register on the Record Date are the 'Scheme Participants'. The Record Date is expected to be 5:00pm (Sydney Time) on 13 February 2025. Scheme Participants will be entitled to receive the Scheme Consideration in respect of the Sunland Shares they hold on that date.

For the purposes of determining entitlements to the Scheme Consideration, Sunland will maintain the Share Register in its form as at the Record Date until the Scheme Consideration has been paid to the Scheme Participants. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

(g) **Step 7: Permitted Dividend Payment Date – Sunland Shareholders as at the Permitted Dividend Record Date receive the Permitted Dividend**

Unless an alternate date is agreed in writing between Sunland and Sun Holdings, the Permitted Dividend Payment Date is expected to be 19 February 2025, being the Business Day before the Implementation Date.

On the Permitted Dividend Payment Date, Sunland will make payment of the Permitted Dividend (if declared) per Sunland Share.

(h) **Step 8: Implementation Date – Scheme Participants receive the Scheme Consideration and Sunland Shares transferred to Sun Holdings**

Unless an alternate date is agreed in writing between Sunland and Sun Holdings, the Implementation Date is expected to be 20 February 2025.

On the Implementation Date, Sunland will make payment of the Scheme Consideration which will be cash of \$0.0675 per Sunland Share, less the amount of any Permitted Dividend (if any).

Subject to there being sufficient cash in the Scheme Trust Account on the Implementation Date to make payment of the Scheme Consideration, Sunland will transfer all of the Scheme Shares to Sun Holdings by:

- (i) delivering to Sun Holdings a transfer form to transfer the Scheme Shares to Sun Holdings (referred to in this Scheme Booklet as the Scheme Transfer Form), duly executed by Sunland (or any of the Sunland Directors and officers) as attorney and agent of each Scheme Participant; and
- (ii) Sun Holdings duly completing and executing the Scheme Transfer Form as transferee and delivering it to Sunland for registration.

Immediately following receipt of the duly completed and executed Scheme Transfer Form, Sunland will attend to registration of the Scheme Transfer Form and enter or procure the entry of the name and address of Sun Holdings in the Share Register as the holder of all the Scheme Shares.

(i) **Step 9: Post implementation**

On the Implementation Date:

- (i) the Sunland Directors will retire, and be replaced by nominees of Sun Holdings; and
- (ii) Sunland will become a wholly owned subsidiary of Sun Holdings.

Sunland's intentions post implementation, as determined by Sun Holdings, are detailed in Section 6.2.

3.11 Scheme Participant's warranties and instructions

(a) Warranties by Scheme Participants

Under the Scheme, each Scheme Participant is deemed to have warranted to Sunland, in its own right and for the benefit of Sun Holdings, that as at the Implementation Date:

- (i) they agree and acknowledge that the Scheme binds Sunland and all Scheme Participants (including those who do not attend the Scheme Meeting or those who do not vote, or vote against this Scheme, at the Scheme Meeting);
- (ii) they agree to:
 - (A) the transfer of their Scheme Shares together with all rights and entitlements attaching to those shares in accordance with this Scheme;
 - (B) the variation, cancellation or modification of the rights attached to their Scheme Shares, as relevant, constituted by or resulting from the Scheme; and
 - (C) at the direction of Sun Holdings, destroy any share certificates relating to their Scheme Shares;

- (iii) all their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the date of transferring them, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal, equitable or otherwise and restrictions on transfer of any kind, whether legal, equitable or otherwise;
- (iv) they have no existing right to be issued any Sunland Shares, any securities convertible into Sunland Shares (or which carry a right to be issued or transferred any Sunland Shares), any convertible notes issued by Sunland and/or any other Sunland securities; and
- (v) they have full power and capacity to transfer their Scheme Shares to Sun Holdings, together with any rights and entitlements attaching to those Scheme Shares, under this Scheme.

3.12 Scheme Implementation Agreement

(a) Overview

On 23 October 2024, Sunland and Sun Holdings entered into the Scheme Implementation Agreement. The Scheme Implementation Agreement sets out the obligations of Sunland and Sun Holdings and steps required to be taken in connection with the implementation of the Scheme.

Key terms of the Scheme Implementation Agreement not already summarised in this Scheme Booklet are summarised below.

(b) Scheme Consideration

If the Scheme becomes Effective, Sun Holdings must procure the payment of the Scheme Consideration to each Scheme Participant on the Implementation Date.

(c) Representations and Warranties

Both parties give customary power and capacity warranties, as well as a number of warranties in respect of authorisations, opinions, information provided, insolvency and compliance with the law. Sunland gives additional warranties in respect of compliance with continuous disclosure obligations and securities on issue.

(d) Limitation of liability

In the event of a breach of the Scheme Implementation Agreement by either party, the offending party may be liable to pay damages to the other party for breach of contract.

The maximum aggregate liability of either party under or in connection with any breach of the Scheme Implementation Agreement is \$500,000. No damages, fees, expenses or reimbursements of any kind payable by Sunland or Sun Holdings in connection with the Scheme Implementation Agreement will exceed \$500,000.

(e) Conduct of Business

Before implementation of the Scheme, the Scheme Implementation Agreement requires Sunland to continue to conduct its business in accordance with applicable laws and in the ordinary and usual course, including in substantially the same manner as previously conducted in the 12 months prior to the date of the Scheme Implementation Agreement.

There are specific positive and negative obligations in the Scheme Implementation Agreement to support Sunland conducting its business in the ordinary and usual course, such as maintaining regulatory authorisations, no entry into or termination of material contracts, no changes to accounting policies and no dividends (other than as permitted under the Scheme Implementation Agreement).

Until the Implementation Date, Sunland and Sun Holdings have agreed to consult with each other in good faith and adopt a transition plan in respect of the period from the execution of the Scheme Implementation Agreement to the Implementation Date.

Between the date of the Scheme Implementation Agreement and Implementation Date, Sunland must provide Sun Holdings and its officers and advisers with reasonable access to any documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) and such officers and advisers as reasonably requested by Sun Holdings.

(f) **Exclusivity**

Sunland is subject to no shop, no talk and no due diligence restrictions and has afforded Sun Holdings a matching right during the Exclusivity Period which commenced on the date of the Scheme Implementation Agreement and ends on the earlier of 30 June 2025 and the Implementation Date or unless the Scheme Implementation Agreement is terminated earlier.

By way of summary, during the Exclusivity Period, Sunland has agreed that it (and of its representatives) must not, directly or indirectly:

- (i) **(No shop)** solicit, invite, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction;
- (ii) **(No talk)** negotiate or enter into, or participate in negotiations or discussions with any other person regarding, a Competing Transaction (or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction), even if the Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Sunland or any of its representatives or the person has publicly announced the Competing Transaction; and
- (iii) **(No due diligence)** in relation to a Competing Transaction, enable third parties to undertake due diligence investigations on Sunland, its business or operations, or receive non-public information.

However, Sunland is not restricted from taking or refusing to take action with respect to a genuine Competing Transaction which the Sunland Directors determine in good faith (after receiving advice from its legal and financial advisers) is, or could reasonably be considered to become, a Superior Proposal and that failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of its fiduciary duties or statutory obligations.

During the Exclusivity Period, Sunland must promptly inform Sun Holdings if it or any of its representatives receive any unsolicited approach with respect to any Competing Transaction and must promptly disclose material details of the Competing Transaction and details of the proposed bidder or acquirer to Sun Holdings. Sunland must also inform Sun Holdings if it receives any request for information relating to Sunland or provides any information relating to Sunland in connection with or for the purposes of a current or future Competing Transaction.

Lastly, Sunland has agreed to provide Sun Holdings with a 'matching right'. Sunland has agreed that it will not enter into, or agree to enter into, any legally binding agreement, arrangement or understanding to undertake or give effect to any Competing Transaction, unless:

- (i) the Sunland Board determines that the proposed Competing Transaction would constitute an actual, proposed or potential Superior Proposal, or failure to take action that would be inconsistent with Sunland Director's fiduciary duties or statutory obligations;
- (ii) Sunland has given Sun Holdings information requested under clause 9.7 of the Scheme Implementation Agreement and notice of the Sunland Directors' determination as above;
- (iii) Sun Holdings is given five Business Days in which to make a matching or Superior Proposal; and
- (iv) the Sunland Directors consider any Sun Holdings' counterproposal that is made and determine it would not provide an equivalent or superior outcome for Sunland Shareholders as a whole.

If the Sunland Directors determine that the Sun Holdings' counterproposal provides an equivalent or superior outcome for Sunland Shareholders, as a whole, Sunland and Sun Holdings must use their reasonable endeavours to agree to the amendments to the Scheme Implementation Agreement and implement the counterproposal as soon as reasonably practicable.

(g) **Termination**

The Scheme will lapse if the Scheme Implementation Agreement is terminated.

The Scheme Implementation Agreement can be terminated by either Sunland or Sun Holdings if:

- (i) the Scheme has not become Effective on or before the End Date (being 30 June 2025 or such later date agreed by Sun Holdings and Sunland);
- (ii) agreed in writing by Sun Holdings and Sunland;
- (iii) before 8.00am on the Second Court Date the Sunland Board changes or withdraws their recommendation in favour of the Scheme;
- (iv) there is a consultation or appeal failure in accordance with the Scheme Implementation Agreement; or
- (v) the other party:
 - (A) is insolvent; or
 - (B) is on notice that it has materially breached the Scheme Implementation Agreement (taken in the context of the Scheme as a whole) and has not remedied the breach within five Business Days or prior to 8:00am on the Second Court Date.

The Scheme Implementation Agreement can be terminated by Sun Holdings if:

- (i) before the Scheme is approved by Sunland Shareholders, a person (other than Sun Holdings or its Associates) acquires a Relevant Interest in more than 20% of Sunland Shares; or
- (ii) at any time before 8:00am on the Second Court Date, any Sunland Director changes their recommendation that Sunland Shareholders approve the Scheme or publicly states that they no longer support the Scheme.

The Scheme Implementation Agreement can be terminated by Sunland if:

- (i) the Sunland Directors determine that an unsolicited Competing Transaction is a Superior Proposal and either Sun Holdings has not made a counterproposal within the five-day mandated period and/or the Sunland Board determines that Sun Holdings' counterproposal would not provide an equivalent or superior outcome for Sunland Shareholders as a whole; or
- (ii) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Sunland Shareholders or adversely changes its opinion in the Independent Expert's Report (or any update or variation to that report) that the Scheme is in the best interests of Sunland Shareholders.

At the date of this Scheme Booklet, Sunland and Sun Holdings are not aware of any reason to terminate the Scheme Implementation Agreement.

3.13 Scheme and Deed Poll

Sun Holdings and Homecorp have executed the Deed Poll under which Sun Holdings and Homecorp undertake in favour of each Scheme Participant to observe and perform Sun Holdings' obligations under the Scheme, including providing or procuring the provision of the Scheme Consideration in accordance with the Scheme. Under the Deed Poll, Homecorp has guaranteed Sun Holdings performance of the steps attributed to it under the Scheme Implementation Agreement and the Scheme to ensure that the Scheme Consideration is paid to the Scheme Participants. Under the Deed Poll, Sun Holdings and Homecorp agree that the Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

Copies of the Scheme and Deed Poll are set out in Annexure B and Annexure C to this Scheme Booklet, respectively.

3.14 Australian tax implications

The transfer of your Sunland Shares to Sun Holdings under the Scheme will have tax consequences for Scheme Participants.

Please seek your own professional advice regarding the individual tax consequences applicable to you. A general summary of the tax implications for Australian residents is set out in Section 8 of this Scheme Booklet.

3.15 Questions

If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

4 HOW TO VOTE AT THE SCHEME MEETING

4.1 Introduction – The Scheme Meeting

This Section 4 provides you with information on the Scheme Meeting and how to vote at the Scheme Meeting.

The Scheme can only be implemented if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting.

The Scheme Meeting will be held at 10:30am (Brisbane Time) on 20 January 2025 at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217.

Details regarding the Scheme Meeting are set out in the Notice of Scheme Meeting (which is contained in Annexure D to this Scheme Booklet).

Additional information about voting by proxy is set out on the Proxy Form accompanying this Scheme Booklet.

4.2 Approvals at the Scheme Meeting

(a) Scheme Resolution

Sunland Shareholders will consider the Scheme Resolution at the Scheme Meeting. The purpose and effect of the Scheme are as summarised earlier and are more particularly described in Sections 1 and 3 and elsewhere in this Scheme Booklet.

For Sunland Shareholders to approve the Scheme, votes in favour of the Scheme Resolution must satisfy the 'Requisite Majorities', being:

- (i) **(Headcount test)** a majority in number (that is, more than 50%) of Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative); and
- (ii) **(Voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative).

The Court has the power to waive the requirement for the headcount test to be passed.

(b) Your vote is important

The Sunland Directors urge all Sunland Shareholders to vote on the Scheme Resolution at the Scheme Meeting. The Scheme affects your investment in Sunland and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

For the reasons detailed in Section 1.3 and elsewhere in this Scheme Booklet, the Sunland Directors unanimously recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders, that you vote in favour of the Scheme Resolution. Subject to those same qualifications, each Sunland Director who owns or controls Sunland Shares intends to vote in favour of the Scheme at the Scheme Meeting.

4.3 Format of the Scheme Meeting

Sunland will hold the Scheme Meeting to consider the Scheme Resolution as a physical meeting, in a manner that is consistent with the Corporations Act and the constitution of Sunland.

The Scheme Meeting will be held at 10:30am (Brisbane Time) on 20 January 2025.

Sunland Shareholders can only attend in person, at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217.

4.4 Who is entitled to attend the vote?

Each Sunland Shareholder who is registered on the Share Register at the time of the Scheme Meeting is entitled to attend and vote at the Scheme Meeting, either in person, by proxy or attorney or by corporate representative.

If you are a corporate shareholder, then you can appoint a corporate representative to attend and vote at the Scheme Meeting.

In the case of jointly held Sunland Shares, only one of the joint shareholders is entitled to vote. If more than one Sunland Shareholder votes in respect of jointly held Sunland Shares, only the vote of the Sunland Shareholder whose name appears first in the Share Register will be counted.

Voting at the Scheme Meeting will be conducted by poll.

4.5 How to vote and participate at the Scheme Meeting

(a) You may vote:

(i) **in person**, by attending the Scheme Meeting in person, at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217.

(ii) **by proxy form**:

(A) **by mailing** the accompanying Proxy Form so that it is received before 11:30am (Sydney time) on 18 January 2025 at:

Sunland Group Limited
C/- Link Market Services
Locked bag A14
Sydney South NSW 1235

(B) by submitting the Proxy Form **online** by visiting <http://investorcentre.linkgroup.com/> and following the instructions in the Proxy Form to submit voting intentions by 11:30am (Sydney time) on 18 January 2025; or

(C) **by faxing** the accompanying Proxy Form so that it is received before 11:30am (Sydney time) on 18 January 2025 to +61 2 9287 0309.

(b) **Voting in person**

To vote in person, Sunland Shareholders attend the Scheme Meeting on the date and at the place set out above.

If Sunland Shareholders attend the Scheme Meeting and vote on the Scheme Resolution, any proxy vote previously lodged by those Sunland Shareholders will be withdrawn.

(c) **Voting by proxy**

To vote by proxy, you must complete and return the personalised Proxy Form enclosed with this Scheme Booklet by no later than 11:30am (Sydney time) on 18 January 2025 (or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in accordance with the instructions on each of the forms.

You may appoint an individual or body corporate as your proxy.

(d) **Voting by attorney**

Sunland Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to Sunland for notation, deliver to Sunland the original instrument appointing the attorney by no later than 11:30am (Sydney time) on 18 January 2025 (or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Unless the contrary is evident from the express terms of the attorney, any power of attorney granted by a Sunland Shareholder will, as between Sunland and that Sunland Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Sunland Shareholder is lodged with Sunland.

(e) **Voting by corporate representative**

To vote by corporate representative at the Scheme Meeting, a corporate Sunland Shareholder or proxy should obtain an appointment of corporate representative form from Sunland and complete and sign the form in accordance with the instructions on it.

The appointment of corporate representative form must then be lodged with the Sunland Registry on or prior to the date of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative or a certificate of the body corporate evidencing the appointment of a representative is evidence of a representative having been appointed.

If a vote by a corporate representative is challenged, the chair of the Scheme Meeting will have discretion to determine whether the person claiming to be a representative may exercise the appointing body's powers (even if they have not produced a certificate or other).

(f) **Lodgement of Proxy Forms and powers of attorney**

To be effective, completed Proxy Forms, powers of attorney and authorities must be received by the Sunland Registry in any of the following ways at least 48 hours before the time for holding the Scheme Meeting (that is, by 11:30am (Sydney time) on 18 January 2025), or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting by one of the following methods:

(i) By hand delivery:

Sunland Group Limited
C/- Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

(ii) By post to:

Sunland Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

- (iii) By internet at the Sunland Registry's website
<https://investorcentre.linkgroup.com/>
- (iv) By Fax: +61 2 9287 0309

4.6 Undirected Proxies

The Chair of the Scheme Meeting will act as your proxy if the Proxy Form is returned to the Sunland Registry without naming a proxy or proxies.

Undirected proxies held by the Chair, the company secretary or any Sunland Director, will be voted in favour of the Scheme.

4.7 Further Information

If you have any questions in relation to the Scheme or the Scheme Meeting, including the number of Sunland Shares you hold or how to vote, please call the Shareholder Information Line on 1800 642 133 (in Australia) and +61 1800 642 133 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

5 INFORMATION RELATING TO SUNLAND

Important Note – Forward-looking statements

The information in this Section 5 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 Scheme Resolution, specifically whether or not to vote in favour of the Scheme Resolution.

The forward-looking statements in this Section (and otherwise in the Scheme Booklet) reflect views held by Sunland Directors based on reasonable grounds, as at the date of this Scheme Booklet.

Sunland Shareholders should note, however, 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 Scheme Booklet, 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 Scheme Booklet), 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.

Sunland Shareholders may view complete copies of the audited financial statements of Sunland for the year ended 30 June 2024 on Sunland's Website at <https://www.sunlandgroup.com.au/>.

Sunland Shareholders should refer to the annual report for detailed disclosures in relation to this historical financial performance, financial position and accounting policies of Sunland.

The financial information in this Section is presented for the purposes of enabling Sunland Shareholders to assess the Scheme. It is an abbreviated form and does not contain all the disclosures that are usually provided in an annual report.

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

5.1 Overview

- (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 per Sunland Share and Sunland Shares were trading at \$1.33 each (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 their net asset value. 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 the 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 provided periodic 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 Sunland Directors would assess the most appropriate way of finalising the Strategy and returning any surplus capital to Sunland Shareholders.
- (c) On 30 October 2023, Sunland was removed from the official list of the ASX, following approval by the Sunland Shareholders at the Annual General Meeting held on 29 September 2023.
- (d) 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.
- (e) The completion of the Scheme will provide a liquidity event and enable Sunland Shareholders to crystallise their investment in Sunland Shares.
- (f) If the Scheme proceeds, the Strategy would have realised cash distributions (including the Scheme Consideration) totalling \$3.4925 for each Sunland Share, (excluding franking credits at the relevant tax rate at the time the dividends will be or were paid).

5.2 Business Activities

- (a) 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.
- (b) The Sunland 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 Sunland Directors will continue to review surplus cash for potential distributions, however, the ability to forecast periodic distributions is difficult as the Sunland Directors are required to continue to retain capital to meet the Sunland Group's future financial obligations.

5.3 Sunland Directors and Management Terms

(a) Sunland Directors

As at the date of this Scheme Booklet, the Sunland Directors comprise:

Name and Position	Description	Appointment Date
Ronald John Eames, Non-executive director	Mr Eames is a partner in the Brisbane offices of law firm Holding Redlich and brings to the role more than 25 years' experience in the legal sector, specialising in front-end project work and project structured financing in the energy, resource, construction, and tourism industries. Mr Eames is a member of the Australian Institute of Company Directors. Mr Eames is the chair of Sunland's Audit and Risk Committee.	March 2006
Christopher Robin Freeman AM, FICD., Chairman and non-executive director	Mr Freeman has significant company directorship experience in Australia and abroad in the property and finance sectors. His former board roles include director and chair of Watpac Limited, director of Translink Ltd, chair of Tennis Australia Ltd and chair of QPAT. Mr Freeman previously held the positions of Executive Chair United Arab Emirates and United Kingdom and Chief Executive Queensland for the Mirvac Group Limited. He has held executive roles in the finance sector, particularly in the property, corporate and agribusiness markets. He was a director of Brisbane Airport Corporation Limited. Mr Freeman is a member of Sunland's Audit and Risk Committee.	January 2015
Grant John Harrison, Executive director	Mr Harrison joined Sunland Group in 2000, following 16 years in the banking sector with Westpac specialising in commercial, property and corporate finance transactions. Mr Harrison was appointed Chief Financial Officer in December 2004. Mr Harrison is a graduate of the Australian Institute of Company Directors.	As company secretary November 2003 As director November 2023

The interests of the Sunland Board in Sunland are disclosed in Section 9.2 of this Scheme Booklet.

5.4 Sunland capital structure and ownership

(a) Issued capital

As at the date of this Scheme Booklet, there were 136,909,515 Sunland Shares on issue.

Sunland does not have any other type of securities on issue.

(b) Substantial and largest holders

As at 22 October 2024, based on information available to Sunland, the top 5 largest Sunland Shareholders (including substantial shareholders) are:

Name	Number of Sunland Shares	% of Sunland Shares
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

5.5 Intentions of the Sunland Board

The Corporations Act requires a statement by the Sunland Board of their intentions regarding Sunland's business.

(a) If the Scheme is implemented

If the Scheme is implemented, the existing Sunland Board will resign and the Sunland Board will be reconstituted in accordance with the instructions of Sun Holdings after the Implementation Date. Accordingly, it is not possible for the Sunland Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- (i) the continuation of the business of Sunland; and
- (ii) any major changes, if any, to be made to the business of Sunland.

Regarding the future employment of Sunland employees, however, in accordance with the Scheme Implementation Agreement, and in line with the Strategy, will be made redundant once their role is no longer required to carry out the Strategy.

If the Scheme is implemented, Sun Holdings will have 100% control of Sunland. The current intentions of Sun Holdings with respect to these matters are set out in Section 6.2.

(b) If the Scheme is not implemented

If the Scheme is not approved by Sunland Shareholders or the Court, or if any of the other Scheme Conditions are not satisfied or waived (if applicable) or if the Scheme Implementation Agreement is otherwise terminated before the Effective Date, the Scheme will not be implemented.

If the Scheme is not implemented Sunland will continue with the Strategy as detailed at Section 5.6.

5.6 Financial overview of Sunland

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.

Sunland 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 Scheme is unsuccessful, Sunland will continue to incur these costs through to 2029/2030 when obligations are expected to have been fulfilled.

- (a) Table 1 in Section 5.7 below 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.
- (b) Table 2 in Section 5.8 below forecasts the pro forma balance sheet of Sunland at or around the completion of the Scheme, assumed to be February 2025. Completion of the Scheme earlier or later than February 2025 would result in a variation of the revenue and costs that are assumed to occur during this period and consequently the pro forma balance sheet may change. Table 2 scenario takes into account the maximum Permitted Dividend proposed under the Scheme and no assumptions have been made for revenue and costs after the Scheme is implemented as these matters will be the responsibility of the Sun Holdings, if the Scheme is successful.

5.7 Table 1 - Financial information for the period through to completion of the Strategy assuming the Scheme is not implemented

\$ millions	Management accounts 31/08/2024 (unaudited)	Forecast revenue and other cash inflows	Forecast Operational and Strategy Costs	Pro forma completion of Strategy 2030
<u>ASSETS</u>				
Cash and cash equivalents	\$17.9	\$3.7	(\$9.5)	\$12.1
Receivables, deferred tax and other assets	\$3.3	(\$0.8)	(\$2.5)	-
TOTAL ASSETS	\$21.2	\$2.9	(\$12.0)	\$12.1
<u>LIABILITIES</u>				
Trade creditors, provisions and other payables	\$2.1		(\$2.1)	-
TOTAL LIABILITIES	\$2.1		(\$2.1)	-
EQUITY (Net Assets)	\$19.1	\$2.9	(\$9.9)	\$12.1
Comprising:				
Issued capital	\$6.2			\$6.2
Retained earnings	\$12.9	\$2.9	(\$9.9)	\$5.9

Notes on assumptions for forecasts in Table 1

Management accounts as at 31 August 2024 are a continuation of the audited financials published for the full year ended 30 June 2024 and account for transactions that have occurred for the period from 1 July 2024 to 31 August 2024 including Operating and Strategy Costs and interest revenue. The management accounts have not been audited.

Care should be taken using the forecast information provided in the Table 1 above, which may be earned or incurred in future periods. The potential capital available for distribution disclosed in the pro forma balance sheet in 2030 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, in the event the Scheme is not implemented.

Table 1 forecasts Sunland Group's anticipated future revenue and other cash inflows, Operating and Strategy Costs, and continued amortisation of capitalised prepayments through to the end of the Strategy expected in 2029/2030.

Franking credits available as at the date of the Scheme Booklet are estimated to be approximately \$4.5 million, as disclosed in the 30 June 2024 audited accounts. 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. Materials items contained in the forecast include:

(a) **Revenue**

Interest generated on cash balances for the period is based on the agreed rates currently obtained by the Sunland Group's banker and estimated to be a total of \$2.9 million. This forecast is dependent on cash balances and interest rate movements over the period.

(b) **Income tax refund**

It is forecast that Sunland Shareholders will receive a maximum income tax refund of \$0.8 million.

(c) **Operating and Strategy Costs**

The Operating and Strategy Costs figures have been forecast using a range of assumptions including the past experiences of Sunland as a property developer and include the following:

(i) Project costs

It is forecast that it will cost \$0.3 million to pay creditors and associated project costs that have been provided for and are to be incurred to complete the remaining construction and development obligations for projects in accordance with development approvals.

(ii) Maintenance and warranty obligations

Assuming that the warranties provided for previous projects are expensed throughout the period, maintenance and warranty obligations are estimated to cost \$1.3 million.

(iii) Wages, salaries, and employee entitlements

These entitlements are estimated to cost \$2.6 million and includes staff salaries, statutory payments upon employee redundancies and continuing salaries and directors' fees. Continuing employment costs post implementation of the Scheme are forecast to be approximately \$1.6 million throughout the period to completion of the Strategy.

(iv) Insurance premiums

Insurance premiums are estimated to cost \$2.6 million. This includes assumptions, based on recent premium estimated from Sunland's insurance advisor, for the continuing annual renewal of D&O insurance policies, as well D&O Run-off Insurance in accordance with the Scheme Implementation Agreement.

Sunland has taken out professional indemnity run-off insurance that has been paid and the prepayment is expensed over the remaining term of the policy. It has also been estimated that there will be approximately \$1.0 million set aside for payments of insurance deductibles in circumstances where a claim is made against Sunland.

(v) Administrative

Administrative costs of approximately \$0.8 million are forecast to be incurred through to the end of the forecast period. This includes costs currently incurred by Sunland such as auditor, accounting fees and tax consultant fees, IT costs, stationary, register fees, as well as allowances

for consultants who may assist with matters as required by the business.

(vi) Deferred tax

Deferred tax asset is estimated to be \$0.9 million over the forecast period.

(vii) Potential surplus

In the usual course, Sunland Directors would review surplus cash requirements in order to assess for periodic distributions, however, in the forecast tables, there has been no allowance for progressive distributions through to the end of the forecast period. Rather it is assumed surplus funds are returned once defect liability periods have expired. This is because 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.

The above Table 1 shows a potential surplus of \$12.1 million. The surplus may vary, for example, if Operating and Strategy Costs are less than forecast, progressive distributions are made which will reduce interest revenue or in the event substantial contingent liabilities crystallise as the statutory defect periods expire. This total is represented by issued capital of \$6.2 million being the amount that may be available for a capital distribution and retained earnings of \$5.9 million which may be available for a dividend distribution.

There is no guarantee these values will be available for future capital or dividend distributions 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 in 2029/2030.

5.8 Table 2 – Financial information for the period through to completion of the Scheme assuming that occurs on or around 28 February 2025

\$ millions	Management accounts 31/08/2024 (unaudited)	Forecast revenue and other cash inflows	Forecast Operational and Strategy Costs	Maximum Permitted Dividend for the Scheme	Pro forma completion of Scheme
ASSETS					
Cash and cash equivalents	\$17.9	\$1.1	(\$4.5)	(\$8.9)	\$5.6
Receivables, deferred tax and other assets	\$3.3	(\$0.8)			\$2.5
TOTAL ASSETS	\$21.2	\$0.3	(\$4.5)	(\$8.9)	\$8.1
LIABILITIES					
Trade creditors, provisions and other payables	\$2.1		(\$1.2)		\$0.9
TOTAL LIABILITIES	\$2.1		(\$1.2)		\$0.9
EQUITY (Net Assets)	\$19.1	\$0.3	(\$3.3)	(\$8.9)	\$7.2
Comprising:					
Issued capital	\$6.2				\$6.2
Retained earnings	\$12.9	\$0.3	(\$3.3)	(\$8.9)	\$1.0

Notes on assumptions for forecasts in Table 2

Care should be taken using the forecast information provided in Table 2 above, which will be earned or incurred in future periods. The potential capital available for distribution disclosed in the pro forma balance sheet on completion of the Scheme 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 upon completion of the Scheme.

The table forecasts the Sunland Group's future revenue and other cash inflows, Operating and Strategy Costs, and continued amortisation of capitalised prepayments through to completion of the Scheme. In this table, it is assumed that a Permitted Dividend of \$0.065 per Sunland Share (totalling \$8.9 million, in aggregate) is declared and paid.

Refer to taxation Section 8 for franking credits that may be attached to the maximum quantum of Permitted Dividend. The value of franking credits attaching to the maximum quantum of Permitted Dividend should total \$3.0 million.⁵

Forecasts through to the expected completion of the Scheme are included to forecast a pro forma balance sheet on completion of the Scheme, after payment of the Permitted Dividend and immediately before payment of the Scheme Consideration. Material items contained in the forecast include:

(a) **Revenue**

Interest generated on cash balances for the period are estimated to be a total of \$0.3 million. This forecast is dependent on cash balances and interest rate movements over the period.

(b) **Income tax refund**

Income tax refund is estimated to be \$0.8 million.

(c) **Operating and Strategy Costs**

These have been forecast using a range of assumptions including the past experiences of Sunland as a property developer and include the following:

(i) Project costs

The project costs to complete are estimated to be \$0.3 million. This relates to payment of creditors and project costs that have been provided for and are to be incurred to complete remaining construction and development obligations for projects in accordance with development approvals.

(ii) Maintenance and warranty obligations

These obligations are estimated to be \$0.5 million and this assumes the warranties provided for previous projects are expensed throughout the period.

(iii) Wages, salaries and employee entitlements

These entitlements are estimated to be \$1.0 million and include staff salaries, statutory payments upon employee redundancies and directors' fees for the period.

(iv) Insurance

Insurance premiums are estimated to be \$1.9 million and includes assumptions for the current annual renewal of D&O insurance policies, as well as a seven-year Run-Off Insurance in accordance with the Scheme Implementation Agreement.

(v) Administrative

Administrative costs are estimated to be \$0.1 million.

(vi) Transaction Costs

Transaction Costs include costs associated with negotiating the Scheme Implementation Agreement, retaining professional advisers (including financial, legal and tax advisers), facilitating Sun Holdings' access to due diligence, undertaking of due diligence on Sun Holdings

⁵ Based on revenue generated for the 2024 financial year, the group should be eligible to be a base rate entity under taxation rules and incur a tax rate of 25%. Accordingly, any dividend (including Permitted Dividend) paid during financial year 2025 will attach franking credits at the tax rate of 25%.

by Sunland, engaging the Independent Expert, considering regulatory matters, preparing this Scheme Booklet as well as regulatory filing fees, register fees and other expenses. We anticipate these Transaction Costs to be \$0.7 million.

(vii) Available cash

Cash of \$5.6 million is forecast to be available to meet continuing Operating and Strategy Costs of the business post completion of the Scheme. Operating and Strategy Costs may be materially different to those that are forecast to be incurred by Sunland discussed at Table 1. The continuing operations must meet the Sunland Group's liabilities, including any contingent liabilities that may crystallise in the future which are difficult to forecast. Contingent liabilities include statutory liabilities for building defects in circumstances where defect liabilities are yet to expire. 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 and a provision of \$0.9 million will continue post completion of the Scheme.

(viii) Other assets

Other assets of \$2.5 million mainly comprise insurance prepayments which will continue to be expensed over the term of the insurance cover; and deferred tax asset which may be utilised by the continuing operations depending on future operating profit generated by the Sunland Group.

(ix) Potential net assets

Table 2 provides potential net assets of Sunland of \$7.2 million representing issued capital of \$6.2 million and retained earnings of \$1.0 million.

5.9 Material Changes in Sunland's Financial Position since 30 June 2024

Clause 8302(h) of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Sunland Directors, the financial position of Sunland has materially changed since the date of the last balance sheet laid before Sunland in general meeting or sent to Sunland Shareholders in accordance with sections 314 or 317 of the Corporations Act and, if so, provide full particulars of any such change.

ASIC has granted Sunland relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of the Sunland Directors, the financial position of Sunland has materially changed since 30 June 2024 (being the date of the period to which the financial statements for the financial year ended 30 June 2024 and the most recent financial reports lodged with ASIC before registration of this Scheme Booklet with ASIC (**Financial Report**)).

A copy of the Financial Report may be obtained on Sunland's Website. In addition, Sunland will provide a copy of the Financial Report free of charge to any Sunland Shareholder who requests a copy before the Scheme becomes Effective.

As at the date of this Scheme Booklet, to the knowledge of the Sunland Directors, there have been no material changes to the financial position of Sunland since 30 June 2024, being the date of Sunland's published yearly accounts, other than as disclosed in this Scheme Booklet or announced on Sunland's Website.

5.10 Further information

Sunland is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations that require Sunland to disclose any information of which it is aware that a reasonable person may expect to have a material impact on the price or value of Sunland Shares. Such disclosure must be made as soon as Sunland becomes aware of that information, subject to exceptions for certain confidential information.

Sunland's recent announcements are available on its Website. Sunland will continue to make public announcements as required on this Website after the date of this Scheme Booklet.

Sunland is required to prepare and lodge with ASIC both annual and half year financial statements accompanied by a statement and report from the Sunland Directors and an audit or review report.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and are accessible from Sunland's Website. Copies of these documents will also be made available free of charge on request by a Sunland Shareholder in writing to the Sunland Registry at any time before the Scheme Meeting.

6 INFORMATION RELATING TO SUN HOLDINGS

The information contained in this Section 6 has been prepared by Sun Holdings. Sunland and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1 Overview of Sun Holdings

(a) Background

Sun Holdings is a special purpose vehicle wholly owned by Homecorp Property Group (Aust) Pty Ltd (ACN 600 830 402), incorporated to acquire the Sunland Shares.

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 across Australia 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/>.

Sun Holdings' sole director is Ron Bakir. Ron is one of Australia's leading residential urban community developers who leads a talented team of industry professionals creating one of Queensland's fastest-growing development companies. Ron established Homecorp in 2004 and since that time Homecorp has developed over 10,000 dwellings across 24 successful projects all around Australia.

(b) Funding of the Scheme Consideration

Sun Holdings has entered into the Deed Poll to covenant in favour of the Scheme Participants to perform its obligations in relation to the Scheme.

One such obligation is to provide or procure the provision of the Scheme Consideration in accordance with the Scheme, ensuring there are sufficient cleared funds for the payment of the Scheme Consideration to all Scheme Participants.

The Scheme provides that Sun Holdings must pay or procure payment of the Scheme Consideration to each Scheme Participant. Sun Holdings will be responsible for procuring that by no later than the Business Day before the Implementation Date, cleared funds in an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Participants has been deposited in the Scheme Trust Account.

The funds required by Sun Holdings to pay the Scheme 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 Scheme Consideration to Sun Holdings as and when

required by Sun Holdings. Homecorp has also entered into the Deed Poll to guarantee Sun Holdings' obligations in relation to the Scheme.

Homecorp will source the Scheme Consideration from its cash reserves.

6.2 Intentions if the Scheme is implemented

The statements set out in this Section are statements of current intentions only, which may change as new information becomes available or circumstances change. Decisions will only be reached after implementation when all material facts and circumstances are known to the board of directors of Sun Holdings.

If the Scheme is implemented, upon implementation, Sunland will become a wholly owned subsidiary of Sun Holdings and intends to give effect to the following:

- (a) Sun Holdings will appoint its nominees to the Sunland Board and Sunland must procure the resignation of the current Sunland Directors.
- (b) Sun Holdings intends to bring Sunland's industry recognised brand into Homecorp'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 Homecorp's existing operations and infrastructure.
- (c) 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 Scheme Booklet.
- (d) 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 Implementation Date.

6.3 Other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being knowledge that is within the knowledge of any Sun Holdings Director, as at the date of this Scheme Booklet, that has not been previously disclosed to Sunland Shareholders.

7 RISK FACTORS

7.1 Overview

This Section 7 identifies some, but not all, of the risks associated with Sunland and the Scheme. In summary, this Section highlights:

- (a) the risks to which you are currently exposed to as a Sunland Shareholder (see Section 7.2); and
- (b) the risks associated with the Scheme (see Section 7.3).

It is important for you to note that this Section is not an exhaustive list of all the risks associated with Sunland or the Scheme and it should be considered in conjunction with all other information disclosed in this Scheme Booklet. You should read the whole of this Scheme Booklet in order to fully appreciate such risks before any decision is made on how to vote at the Scheme Meeting.

You should also carefully consider the following risks in light of your personal circumstances and seek professional advice from your independent legal, financial, accounting, taxation or other professional advisers before any decision is made on how to vote at the Scheme Meeting.

The outline of risks in this Section 7 is a summary only and no assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by Sunland.

7.2 Risk factors faced by 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.

It is not possible to identify every risk associated with Sunland and there may be other risks associated with Sunland that are not set out in the following paragraphs. If the Scheme does not proceed, you will continue to hold your Sunland Shares and will continue to be exposed to risks associated with that investment.

Risks specific to investing in Sunland

There are general risks inherent to Sunland's business including the following, which does not constitute an exhaustive list of the risks of investing in Sunland.

- (a) **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.
- (b) **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.

- (c) **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 Sunland's 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.
- (d) **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.
- (e) **Liquidity risk:** Sunland was removed from the official list of ASX 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.
- (f) **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.

7.3 Risks specific to the Scheme

(a) Transaction Costs

Certain transaction related costs will be incurred by Sunland irrespective of whether or not the Scheme is implemented. These costs include financial advisory, legal, accounting, Independent Expert, tax and administration fees, Scheme Booklet production, registry and other expenses.

(b) Conditions not met

The Scheme is subject to a number of Scheme Conditions which are summarised in Section 3.6.

At the date of this Scheme Booklet, neither Sunland nor Sun Holdings is aware of any circumstances which could cause the Scheme Conditions not to be satisfied or (if permitted) waived. However, there is a possibility that one or more of the Scheme Conditions will not be met or waived and that the Scheme does not proceed as a result.

8 AUSTRALIAN TAXATION IMPLICATIONS

8.1 Introduction

The following is a general summary of the Australian income tax, goods and services tax (**GST**), and stamp duty implications for Scheme Participants on implementation of the Scheme.

This summary is general in nature only, should be read in conjunction with the rest of this Scheme Booklet, and is not intended to be an authoritative or complete analysis of the tax consequences arising from the Scheme. It is not intended to provide, and should not be relied on for, tax or legal advice. Scheme Participants are advised to seek professional tax advice in relation to their particular circumstances.

This summary is based on the provisions of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**), the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**), the *Tax Administration Act 1953* (Cth), *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the Australian stamp duties legislation, as at the date of this Scheme Booklet. The laws are complex and subject to change periodically, as is their interpretation by the courts and the tax authorities.

The information provided below is not applicable to all Scheme Participants. This tax summary applies to Australian tax resident and non-resident shareholders who hold their Sunland Shares on capital account for income tax purposes. This summary will not apply to Scheme Participants who:

- (a) hold their Sunland Shares on 'revenue account' (such as share trading entities or entities who acquired their Sunland Shares for the purposes of resale at a profit) or as 'trading stock';
- (b) may be subject to special tax rules, such as Sunland Shares acquired by Sunland employees under an Employee Share Scheme (ESS), partnerships, tax exempt organisations, insurance companies, dealers in securities or shareholders who change their tax residency while holding their Sunland Shares;
- (c) have a functional currency for Australian tax purposes other than the Australian dollar;
- (d) are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Sunland Shares; or
- (e) are non-residents of Australia who hold their Sunland Shares in carrying on a business at or through a permanent establishment in Australia.

8.2 Australian resident shareholders – CGT consequences

(a) CGT event on disposal of Sunland Shares

The disposal of Sunland Shares will constitute a CGT event for Australian resident Sunland Shareholders. The CGT event will occur on the Implementation Date.

Sunland Shareholders will derive a capital gain on the disposal of their Sunland Shares to the extent the market value of the total consideration received under the Scheme (capital proceeds) exceeds the tax cost base of their Sunland Shares. Conversely, Sunland Shareholders will incur a capital loss on the disposal of their Sunland Shares to the extent that the capital proceeds under the Scheme is less than the reduced tax cost base of their Sunland Shares.

The sum of all capital gains made by a Sunland Shareholder in the income year in which the Implementation Date occurs, reduced by any capital losses 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. Specific CGT provisions relevant to the calculation of capital gains and losses are outlined below.

Any net capital loss may 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).

(b) **Capital proceeds received under the Scheme**

The capital proceeds from the disposal of Sunland Shares under the Scheme will be equal to the Scheme Consideration of \$0.0675 per share less any Permitted Dividend paid. For example, if a Permitted Dividend of \$0.065 was paid, the capital proceeds for tax purposes should be \$0.0025. It is considered that the capital proceeds should not include any Permitted Dividend, on the basis that Sun Holdings does not control or fund the payment of any Permitted Dividend. The Scheme is not conditional on any Permitted Dividend being paid and the Sunland Shareholders entitlement to receive the Permitted Dividend arises as a result of their relationship with Sunland (and not Sun Holdings). Consequently, the Permitted Dividend (if declared) should not be received in respect of the disposal of their Sunland Shares and therefore should not form part of the capital proceeds.

(c) **Cost base**

Generally, the tax cost base of Sunland Shares will be equal to the consideration paid to acquire the Sunland Shares. Other incidental costs incurred by a Sunland Shareholder for their acquisition or ownership of Sunland Shares (such as brokerage fees) that are otherwise non-deductible to the Sunland Shareholder may also be included in the cost base of shares they own.

The capital returns that Sunland Shareholders receive while they are Sunland Shareholders will reduce the tax cost based of the Sunland Share.

The reduced tax cost base of the Sunland Shares of a Sunland Shareholder will be determined in a similar manner to the tax cost base, although some differences in the calculations of the reduced tax cost base may exist depending on the relevant Sunland Shareholder's circumstances.

Sunland Shares acquired in different transactions may have different tax cost bases and therefore capital gains may arise in respect of some Sunland Shares while capital losses may arise in respect of other Sunland Shares.

(d) **CGT discount**

An Australian resident Sunland Shareholder who is an individual, the trustee of a trust (conditions apply) or a complying superannuation entity may be entitled to claim a CGT discount if their Sunland Shares were acquired at least 12 months before disposal under the Scheme. The CGT discount is not available for Sunland Shareholders that are companies.

The CGT discount is applied to the capital gain after any available current year capital losses and prior year capital losses are applied.

The applicable CGT discount which would reduce a capital gain arising from the disposal of Sunland Shares is 50% in the case of individuals and trusts, and 33⅓% in the case of Australian complying superannuation entities.

(e) **Permitted Dividend**

As noted above, the Sunland Board may determine, in their absolute discretion, to pay a fully franked Permitted Dividend, conditional on the Scheme becoming Effective. If determined, the Permitted Dividend will only be paid to Sunland Shareholders who are recorded on the Share Register on the Permitted Dividend Record Date. Sunland intends to fund the payment of the Permitted Dividend from its cash reserves out of retained earnings available.

The Permitted Dividend (if declared) may be franked to the maximum extent possible by Sunland, subject to the franking account of Sunland not being in deficit after the Permitted Dividend Payment Date. Based on the current franking account balance, if the Sunland Board decides to declare a Permitted Dividend, the Sunland Directors expect to determine to fully frank the Permitted Dividend.

Sunland Shareholders who receive a Permitted Dividend (if declared) should include the amount of that dividend and attached franking credits in their assessable income in the income year in which the Permitted Dividend is paid. Sunland Shareholders may be entitled to a tax offset equal to the franking credits attached to the Permitted Dividend (if declared).

However, Sunland Shareholders will only be entitled to a tax offset for the franking credits if they are a “qualified person” in relation to the Permitted Dividend and certain franking integrity rules do not apply.

(i) “Qualified person” rule

In order to be considered a “qualified person” in relation to any Permitted Dividend (and assuming there will be a ‘related payment’ for the purposes of former Division 1A of the ITAA 1936 in connection with the Permitted Dividend), the Sunland Shareholder must have held their Sunland Shares ‘at risk’ for a continuous period (the qualification period) of 45 days (excluding the day of acquisition and the day of disposal) between 45 days before and 45 days after the Permitted Dividend Record Date.

However, Sunland Shareholders will not be considered to have held their Sunland Shares ‘at risk’ where the Sunland Shareholder has a materially diminished risk of loss or opportunities for gain in respect of the Sunland Shares. A Sunland Shareholder will be taken to have a materially diminished risk if their net position in relation to the Sunland Shares has less than 30% of the risks of loss and opportunities for gain. Accordingly, in respect of the Permitted Dividend, Sunland Shareholders should be qualified persons for the purposes of paragraph 207-145(1)(a) of the ITAA 1997 provided that they hold their Sunland Shares ‘at risk’ for a continuous period of 45 clear days (within the qualification period) before the Effective Date.

The “qualified person” rule is subject to certain exemptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

(ii) Franking integrity rules

The franking integrity rules are intended to prevent abuse of the imputation system (for example by streaming franking credits to certain shareholders). The tax rules in this area are complex. It is considered that the franking integrity rules should not apply, as there has been limited trading in Sunland Shares and all Sunland Shareholders are understood to be able to benefit from franking credits to a similar extent.

Sunland Shareholders should seek independent professional taxation advice regarding the application of the franking integrity rules to their particular circumstances.

8.3 Foreign residents – Australian tax considerations

(a) Australian CGT consequences

Sunland Shareholders who are non-residents of Australia for income tax purposes are not generally subject to Australian CGT on the disposal of their Sunland Shares. Australian CGT only applies to foreign resident Sunland Shareholders if:

- (i) the Sunland Shareholder, together with their Associates, owns more than 10% of the shares in Sunland for any continuous 12-month period in the 24-month period up to and including the Implementation Date; and
- (ii) the Sunland Shares are an indirect Australian real property interest.

Based on the financial statements of Sunland (summarised at Section 5.6 of this Scheme Booklet), the Sunland Shares should not be indirect Australian real property interests and no Australian CGT should be payable by foreign residents who dispose of their Sunland Shares under the Scheme.

However, a non-resident individual Sunland Shareholder who has previously been an Australian tax resident and chosen to disregard a capital gain or loss (i.e. CGT event L1) in respect of their Sunland Shares on ceasing to be an Australian tax resident, or a Sunland Shareholder who used their Sunland Shares at any time in carrying on a business through a permanent establishment in Australia, may be subject to Australian CGT consequences on disposal of their Sunland Shares.

(b) Foreign Resident CGT Withholding

The foreign resident capital gains withholding regime may impose a 12.5% withholding obligation (calculated by reference to the Scheme Consideration) on Sun Holdings if Sun Holdings considers, or reasonably believes, that a Sunland Shareholder is a foreign resident and Australian CGT applies to the disposal of Sunland Shares. The withholding tax rate is proposed to be amended to 15% effective 1 January 2025. On the basis that the Sunland Shares should not be indirect Australian real property interests, the foreign resident CGT withholding regime should not operate to require Sun Holdings to withhold any amount from the Scheme Consideration.

8.4 Stamp duty

The sale of Sunland Shares should not give rise to any stamp duty liabilities for existing Sunland Shareholders. Sun Holdings has agreed to pay the stamp duty, if any, for the transfer of Sunland Shares under the Scheme.

8.5 Goods and Services Tax

No GST should be payable by Sunland Shareholders on the sale of Sunland Shares under the Scheme.

Where a Sunland Shareholder is registered or required to be registered for GST, the sale of the Sunland Shares should be an input taxed financial supply and not subject to GST. Where a Sunland Shareholder is not registered for GST, the transactions should be outside the scope of GST. For those Sunland Shareholders that are registered for GST, they should obtain independent advice in relation to whether there is an ability to claim any input tax credits for any GST incurred on the costs (such as legal or professional fees) associated with the disposal of Sunland Shares.

9 ADDITIONAL INFORMATION

9.1 Introduction

This Section 9 sets out the statutory information required under section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, but only to the extent that this information is not otherwise disclosed in other Sections of this Scheme Booklet. This Section also includes additional information that the Sunland Directors consider material to a decision on how to vote on the Scheme Resolution.

9.2 Interests of Sunland Directors

(a) Interests of Sunland Directors in Sunland Shares

As at the Last Practicable Date, the number of Sunland Shares held by or on behalf of each Sunland Director are as follows:

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

No Sunland Director has acquired or disposed of a Relevant Interest in any Sunland Shares in the four-month period ending on the date immediately before the date of this Scheme Booklet.

Sunland Directors who hold Sunland Shares, or entities who hold Sunland Shares, on behalf of Sunland Directors, will be entitled to vote at the Scheme Meeting and, if the Scheme is implemented, will receive Scheme Consideration for their Sunland Shares along with the other Scheme Participants.

Each Sunland Director intends to vote (or procure the voting of) all of the Sunland Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Sunland Shareholders.

(b) Other interests of Sunland Directors

No Sunland Director has a Relevant Interest in any securities of Sun Holdings or any of its Associates.

9.3 Interests of Sun Holdings in Sunland Shares

(a) Interests in Sunland shares

As at the Last Practicable Date, none of Sun Holdings or any of its Associates holds a Relevant Interest in any Sunland Shares or any voting power in Sunland.

(b) No dealings in Sunland Shares in previous four months

Other than under the Sun Holdings Takeover Offer, none of Sun Holdings or any of its Associates has provided or agreed to provide consideration for any Sunland Shares under any transaction or agreement in the four months before the date of this Scheme Booklet, except for the Scheme Consideration which Sun Holdings has agreed to provide under the Scheme.

Under the Sun Holdings Takeover Offer, Sun Holdings agreed, subject to satisfaction of the conditions to the Sun Holdings Takeover Offer, to provide consideration of \$0.045 (less any permitted dividend) per Sunland Share to Sunland Shareholders. As the Sun Holdings Takeover Offer closed conditional, the offer to acquire Sunland Shares lapsed.

(c) **No inducing benefits given during previous four months**

Neither Sun Holdings nor an Associate of Sun Holdings has given, offered to give or agreed to give any Sunland Shareholder or an Associate of any Sunland Shareholder in the four-month period prior to the date of this Scheme Booklet any benefit (not offered to all Sunland Shareholders) which is likely to induce them to vote in favour of the Scheme, or dispose of Sunland Shares.

9.4 Arrangements with Sunland Directors

(a) **No agreement or arrangement connected to the outcome of the Scheme**

Other than as outlined above, no Sunland Director or other officer of Sunland, or their Associates has entered into, or otherwise has any interest in, any contract, agreement or arrangement with another person connected with or conditional on the outcome of the Scheme other than in their capacity as a Sunland Shareholder.

(b) **No retirement benefits Sunland Directors**

No payment or other benefit is proposed to be made or given in connection with the Scheme to any Sunland Director or other officer of Sunland, or of any Related Body Corporate of Sunland, as compensation for loss of, or as consideration for, or in connection with, their retirement from office in Sunland or in any Related Body Corporate of Sunland, other than any payments or benefits arising from any applicable redundancy and termination entitlements.

Sunland pays premiums in respect of a directors and officers (**D&O**) insurance policy for the benefit of Sunland Directors and has or will put in place suitable arrangements for D&O Run-Off Insurance for the benefit of Sunland Directors, as contemplated by the Scheme Implementation Agreement.

(c) **Interests of Sunland Directors in contracts with Sun Holdings**

None of the Sunland Directors have any interest in any contract entered into by Sun Holdings or its Associates, other than in their capacity as a Sunland Shareholder.

(d) **Benefits from Sun Holdings**

None of the Sunland Directors have agreed to receive, or are entitled to receive, any benefit from Sun Holdings, or any Related Body Corporate or Associate of Sun Holdings that is conditional on, or is related to, the outcome of the Scheme, other than in their capacity as a Sunland Shareholder.

9.5 Sunland Shares sold in the last six months

No Sunland Shares have been sold in the six months preceding the date of this Scheme Booklet.

9.6 Material agreements

Key terms of the Scheme Implementation Agreement are summarised in Sections 3.2 to 3.6 and Sections 3.11 to 3.12. A copy of the Scheme and Deed Poll are set out in Annexure B and Annexure C of this Scheme Booklet respectively.

9.7 Foreign selling restrictions

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Sunland disclaims all liabilities to such persons. If you are a Sunland Shareholder who is a nominee, trustee or custodian, you are advised to seek independent advice as to how you should proceed.

9.8 Formal disclosures and consents

Each of the parties named in this Section 9.8 as consenting parties:

- (a) has given and has not withdrawn, before lodgement of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is named;
- (b) has given and has not withdrawn, before the lodgement of this Scheme Booklet with ASIC, its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names in this Section 9.8, and the references to those statements and reports in the form and context in which they are included in this Scheme Booklet;
- (c) has not authorised or caused the issue of this Scheme Booklet;
- (d) does not make, or purport to make, any statement in this Scheme Booklet other than those statements referred to in this Section 9.8 in respect of that person's name (and as consented to by that person); and
- (e) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any statements in or omissions from this Scheme Booklet, other than a reference to its names and the statements (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 9.8.

Role	Consenting Party	Statements
Acquiring entity	Sun Holdings	Information relating to Sun Holdings
Independent Expert	Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987	Independent Expert's Report in Annexure A and to the references to the Independent Expert's Report in this Scheme Booklet
Share registry	Link Market Services Limited ACN 083 214 537	
Legal adviser to Sunland	Holding Redlich	
Legal adviser to Sun Holdings	Mills Oakley	
Major Shareholder	Havannah	Voting intention statement
Major Shareholder	Pacific Development	Voting intention statement

9.9 Documents available

An electronic version of the Scheme Implementation Agreement, this Scheme Booklet including the Independent Expert's Report and the other annexure to the Scheme Booklet, can be viewed and downloaded online on Sunland's Website.

9.10 No unacceptable circumstances

The Sunland Directors consider that the Scheme does not involve any circumstances in relation to the affairs of Sunland that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

9.11 Material litigation

To the best knowledge of the Sunland Directors, Sunland is not currently involved in any litigation or dispute that is material in the context of Sunland and its subsidiaries taken as a whole.

9.12 Other information material known to Sunland

Except as set out in this Scheme Booklet, so far as the Sunland Directors are aware, there is no information material to the making of a decision by a Sunland Shareholder in relation to the Scheme, being information that is within the knowledge of any Sunland Director or director of any Related Bodies Corporate of Sunland, as at the date of this Scheme Booklet, that has not been previously disclosed to Sunland Shareholders.

9.13 Supplementary information

Sunland will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet and the Effective Date:

- (a) a material statement in the Scheme Booklet is, or becomes, false or misleading in a material respect;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Sunland may circulate and publish any supplementary document by any of the following methods, as Sunland, in its absolute discretion, considers appropriate:

- (a) making an announcement on its Website;
- (b) placing an advertisement in a prominently published newspaper that is circulated generally throughout Australia; or
- (c) posting the supplementary document to Sunland Shareholders at their Registered Address.

10 GLOSSARY

10.1 Definitions

Unless the context otherwise requires, the meanings of the terms used in this Scheme Booklet are set out below.

Abedian Proposal	has the meaning given to that term in the letter from the Chair.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.
Associate	has the meaning given in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act referenced this Scheme Booklet.
ATO	means the Australian Taxation Office.
Business Day	means a day other than a Saturday, Sunday or public holiday in Sydney, Australia.
CGT	means capital gains tax.
Chair	means the chairperson of Sunland.
Competing Transaction	<p>means a proposal, transaction or arrangement (including a takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, or joint venture) which, if completed, would mean a person (other than Sun Holdings or a Related Body Corporate of Sun Holdings) whether alone or together with its Associates would, directly or indirectly:</p> <ul style="list-style-type: none">(a) acquire an interest or Relevant Interest in or become the holder of 20% or more of the Sunland Shares on issue (other than as custodian, nominee or bare trustee);(b) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by Sunland;(c) acquire control of Sunland, within the meaning of section 50AA of the Corporations Act;(d) otherwise acquire or merge with Sunland (including by a reverse takeover bid); or(e) cause the Scheme to be required to be abandoned or otherwise fail to proceed.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
Court	means the Supreme Court of New South Wales, or any other court of competent jurisdiction under the Corporations Act agreed by the parties in writing.
D&O	means directors and officers.

D&O Run-Off Insurance	means directors' and officers' liability run-off insurance that will apply for seven years from the Implementation Date and cover the Sunland Directors, and other Sunland officers and individuals (if relevant) on terms which are no less favourable than the current Sunland Directors' and officers' liability insurance policy in force prior to the Implementation Date.
Deed Poll	means the deed poll entered into by Sun Holdings and Homecorp in the form set out in Annexure C.
Effective	means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
Effective Date	means the date on which the Scheme becomes Effective.
End Date	means 30 June 2025, or such other date agreed by Sun Holdings and Sunland in writing.
Exclusivity Period	has the meaning given in the Scheme Implementation Agreement.
Financial Report	has the meaning given to that term in section 5.9.
GST	has the meaning given to that term in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Harvest Lane	Harvest Lane Asset Management Pty Limited ACN 158 314 697.
Harvest Lane Proposal	has the meaning given to that term in the letter from the Chair.
Havannah	means Havannah Pty Limited ACN 075 189 758.
Homecorp	means Homecorp Property Group Pty Ltd ACN 162 293 763.
Major Shareholders	means, when referred to together, Havannah and Pacific Development.
Implementation Date	means the 5 th Business Day following the Record Date, or such other date as the parties agree in writing.
Independent Expert	means Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.
Independent Expert's Report	means the report by the Independent Expert set out in Annexure A.
Last Practicable Date	means 2 December 2024, being the last practicable Business Day before the finalisation of the Scheme Booklet.
Material Adverse Change	has the meaning given in the Scheme Implementation Agreement.
Notice of Scheme Meeting	means the notice in relation to the Scheme Meeting set out in Annexure D to this Scheme Booklet.
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.
Pacific Development	Pacific Development Corporation Pty Limited ACN 010 504 042.
Permitted Dividend	has the meaning given in the Scheme Implementation Agreement.
Permitted Dividend Record Date	means 7am (Sydney time) on the first Business Day that is 7 days after the declaration of the Permitted Dividend (if any).
Permitted Dividend Payment Date	means on the Business Day that is at least 1 Business Day before the Implementation Date.
Prescribed Occurrence	has the meaning given in the Scheme Implementation Agreement.
Proxy Form	means the form for appointing a proxy in respect of the Scheme Meeting accompanying this Scheme Booklet.
Record Date	means the record date for determining entitlements to the Scheme Consideration, being the first Business Day that is the seventh Business Day after the Effective Date, which is expected to be 5:00pm (Sydney time) on 13 February 2025, or such other date as Sunland and Sun Holdings agree in writing.
Registered Address	means in relation to a Scheme Participant, the address of the Scheme Participant shown in the Share Register as at the Record Date.
Regulatory Authority	includes: (a) ASIC and the Takeovers Panel; (b) a government or governmental, semi-governmental or judicial entity or authority, including the ATO; (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (d) any regulatory organisation established under statute.
Related Body Corporate	has the meaning given in the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	means: (a) a majority in number (that is, more than 50%) of Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative); and (b) holders of at least 75% of the total number of votes cast on the Scheme Resolution by Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative).
Scheme	means the scheme of arrangement under part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to Sun Holdings, in the form set out in Annexure B, together with any amendment or

	modification made under section 411(6) of the Corporations Act and agreed to in writing by Sunland and Sun Holdings.
Scheme Booklet	means this document, including any annexure to it.
Scheme Conditions	means the conditions precedent as stated under clause 3.1 of the Scheme and detailed in Section 3.6 of this Scheme Booklet.
Scheme Consideration	means the consideration to be provided to each Scheme Participant for the transfer to Sun Holdings of each Scheme Share, being \$0.0675 per Sunland Share, less the amount of the Permitted Dividend (if any).
Scheme Implementation Agreement	means the document titled “Scheme Implementation Agreement” between Sunland and Sun Holdings dated 23 October 2024, which is available on Sunland’s Website.
Scheme Meeting	means the meeting to be convened by the Court at which Sunland Shareholders will vote on the Scheme.
Scheme Order	means the order of the Court under section 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications.
Scheme Participant	means each person who is a Sunland Shareholder at the Record Date.
Scheme Resolution	means the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
Scheme Share	means a Sunland Share held by a Scheme Participant.
Scheme Transfer Form	means the share transfer form for the transfer of all of the Scheme Shares to Sun Holdings pursuant to the Scheme.
Scheme Trust Account	means an Australian dollar denominated trust account operated by Sunland as trustee for the benefit of Scheme Participants.
Second Court Date	means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard.
Second Court Hearing	means the hearing of the application made to the Court for the Scheme Order.
Share Register	means the register of holders of Sunland Shares maintained by or on behalf of Sunland.
Shareholder Information Line	means the information line set up for the purpose of responding to enquiries from Sunland Shareholders in relation to the Scheme, being 1800 642 133 (in Australia) and +61 1800 642 133 (International).
Special Announcement	means the announcement made by the Sunland Directors to the Sunland Shareholders which will confirm whether the Permitted Dividend has been declared and, if so, the amount.
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.

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 its subsidiaries.
Sunland Registry	means Link Market Services Limited ACN 083 214 537 or such other person that provides share registry services to Sunland from time to time.
Sunland Share	means a fully paid ordinary share in the capital of Sunland.
Sunland Shareholder	means each person who is registered on the Share Register as a holder of Sunland Shares.
Sun Holdings	means Sun Holdings GC Pty Ltd ACN 677 077 771.
Sun Holdings Director	means the sole director of Sun Holdings.
Sun Holdings Information	means the information regarding Sun Holdings provided by or on behalf of Sun Holdings to Sunland for inclusion in the Scheme Booklet, being information regarding Sun Holdings required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and Takeovers Panel policy and guidance notes. Sun Holdings Information does not include information about Sunland, except to the extent it relates to any statement of intention relating to Sunland following the Effective Date.
Sun Holdings Takeover Offer	means the conditional off-market takeover bid by Sun Holdings for Sunland pursuant to the bidder's statement dated 19 July 2024.
Superior Proposal	<p>means a written bona fide Competing Transaction which the Sunland Directors, acting in good faith, and after taking written advice from their legal and/or financial advisers (as contemplated under clause 9.5 of the Scheme Implementation Agreement), determine:</p> <p>(a) is reasonably capable of being completed, taking into account all aspects of the Competing Transaction and the person making it, within a reasonable timeframe and substantially in accordance with its terms; and</p> <p>(b) would, if so completed, result in a more favourable outcome for Sunland Shareholders as a whole than would result from implementation of the Scheme, taking into account all the terms and conditions of the Competing Transaction.</p>
Takeovers Panel	means the panel established under section 171 of the <i>Australian Securities and Investments Commission Act 1989</i> (Cth) and continued in existence by section 261 of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Transaction Costs	means all costs associated with the Scheme and its implementation incurred by either party, including adviser expenses, legal expenses, counsel fees, fees of the Independent Expert and all other related costs incurred by a party, acting reasonably, arising from and in connection with the implementation of the Scheme.

Website or Sunland's Website	means https://www.sunlandgroup.com.au .
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10.2 Interpretation

In this Scheme Booklet, the following rules apply unless the context requires otherwise.

- (a) A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet.
- (b) Headings are inserted for ease of reference only and do not affect the interpretation of this Scheme Booklet.
- (c) The singular includes the plural and vice versa.
- (d) A gender includes all genders.
- (e) A reference to a person includes a corporation, trust, partnership, joint venture, association, unincorporated body or other body corporate and vice versa.
- (f) If a word is defined, another part of speech has a corresponding meaning.
- (g) A reference to a Section is a reference to a Section of this Scheme Booklet.
- (h) Words and phrases not otherwise defined in this Scheme Booklet (excluding the annexures) have the same meaning (if any) as is given to them by the Corporations Act.
- (i) Use of the words 'including', 'for example' and similar expressions are not, nor are they to be interpreted as, words of limitation.
- (j) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (k) Unless expressly stated otherwise, a reference to time is a reference to time in Sydney, New South Wales.
- (l) Unless expressly stated otherwise, a reference to dollars and \$ is a reference to the lawful currency of Australia.

Annexure A Independent Expert's Report

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Sunland Group Limited

Independent Expert's Report and Financial Services Guide

3 December 2024

The Directors
Sunland Group Limited
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BRISBANE QLD 4001

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Finance Pty Ltd**
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3 December 2024

Dear Directors

Independent Expert's Report and Financial Services Guide

Introduction

Sunland Group Limited ("Sunland" or the "Company") was a property development company headquartered in Queensland that until October 2023 was listed on the Australian Securities Exchange ("ASX")¹. Following a strategic review of its operations in October 2020, the Company 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"). As a result, Sunland effectively has no active business and holds cash to fulfil any future obligations associated with project maintenance and defect rectification, as required by law, until the unexpired defect liability periods lapse. Sunland had a market capitalisation of approximately A\$10 million² on final close before de-listing and continues its operations as an unlisted public company.

Following a number of approaches and proposed transactions from interested parties, which are described in Section 1.1, the Company announced on 4 September 2024 that it received an unsolicited, non-binding, indicative proposal (subject to conditions) from Sun Holdings GC Pty Ltd ("Sun Holdings") to acquire, by way of scheme of arrangement, 100% of the shares in the Company ("Scheme") for cash consideration of A\$0.0725 per Sunland share ("Sunland Share") (the "Scheme Consideration"). Following the completion of due diligence, Sun Holdings revised the Scheme Consideration to A\$0.0675 per Sunland Share, reduced by the amount of any dividend declared, or paid, by the Directors of Sunland ("Directors") (if any) up to

¹ 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.

² 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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A\$0.065 per Sunland Share (“Permitted Dividend”). The Permitted Dividend (if declared) may be franked to the maximum extent possible by Sunland, subject to the franking account of Sunland not being in deficit after the Permitted Dividend payment date.

On 23 October, the Company and Sun Holdings entered into a Scheme Implementation Agreement (“SIA”) for the revised terms of Scheme Consideration to A\$0.0675 per Sunland Share, less the amount of any Permitted Dividend (if any).

The Scheme is subject to the conditions precedent set out in the SIA, which are summarised in Section 1.1 of this Independent Expert’s Report (“IER”) including approval of the Scheme by Sunland Shareholders, no regulatory action, Court approval, no material adverse change or Sunland prescribed occurrence (as defined in the Scheme Booklet) and other customary conditions.

The SIA contains customary exclusivity provisions including no shop, no talk and no due diligence obligation which contains a customary fiduciary carve-out, notification and matching right obligations in the event of a competing proposal and terminal rights for certain specified material adverse events that may occur prior to the Scheme being implemented (subject to appropriate exceptions).

Subject to no superior proposal emerging and an Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Sunland Shareholders, the Directors unanimously recommends Shareholders to vote in favour of the Scheme. Subject to the same qualifications, each Director intends to vote of the Sunland Shares held or controlled by them at the time of the Scheme meeting in favour of the Scheme.

Purpose of the report

The Directors have requested Grant Thornton Corporate Finance to prepare an Independent Expert’s Report (“IER”) stating whether the Scheme is in the best interests of security holders of the Company for the purposes of section 411 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 Scheme is FAIR AND REASONABLE and hence in the BEST INTERESTS of Sunland Shareholders in the absence of a superior alternative proposal emerging.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to Sunland Shareholders and, as part of that consideration, has had regard to other quantitative and qualitative considerations.

Fairness assessment

In forming our opinion on the fairness of the Scheme, Grant Thornton Corporate Finance has compared the fair market value of Sunland Shares on a control basis to the Scheme Consideration of A\$0.0675 per Sunland Share. The following table summarises our fairness assessment.

Fairness assessment	Section	Low	High
A\$ per Sunland Share	Reference		
Fair market value per Sunland Share	Section 5.1	0.0450	0.0600
Scheme Consideration	Section 1	0.0675	0.0675
Premium/(discount)		0.0225	0.0075
Premium/(discount) (%)		50.0%	12.5%
FAIRNESS ASSESSMENT		FAIR	

Source: GTCF analysis.

The Scheme Consideration is at a premium to our range of fair market values of Sunland Shares on a control basis. Accordingly, we conclude that the Scheme is **FAIR** to Sunland Shareholders.

We have assessed the fair value of Sunland Shares by relying on the net asset value method (“NAV Method”) assuming an orderly realisation of Sunland’s assets on a liquidation premise of value.

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 Scheme Consideration.

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 NAV Method assumes 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 August 2024³, 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

³ Being the most recent unaudited management accounts available. Sunland Management advise that the actual costs incurred in the period between 31 August 2024 and the date of this Report are not materially different from those included in their forecasts from that date which they provided to us.

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 Sunland Share on a control basis, which we have compared to the Scheme Consideration.

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 August 2024, adjusted for the Operating and Strategy Costs expected to be incurred up to the Realisation Date.

Valuation summary A\$'000s (unless stated otherwise)	Section Reference	Low	High
Cash and receivables as at 31 August 2024	5.1.1	17,871	17,871
Less: Balance sheet liabilities as at 31 August 2024	5.1.2	(436)	(436)
Net Proceeds		17,435	17,435
Less: Net Operating and Strategy Costs expected to be incurred up to the Realisation Date	5.1.3 / 5.1.4	(8,323)	(5,689)
Potential remaining cash for Sunland Shareholders at the Realisation Date		9,112	11,746
Discount rate	5.1.5	8.50%	7.50%
Present value of potential remaining cash for Sunland Shareholders (A\$'000)		5,964	8,068
Total number of Sunland Shares outstanding	3.4.4	136,909,515	136,909,515
Present value of potential remaining cash for Sunland Shareholders (A\$/share)	Note (1)	0.045	0.060

Source: GTCF analysis, Management estimates.

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

Reasonableness assessment

Under RG 111, the Scheme is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages and other factors in relation to Scheme.

Advantages

Certainty of the cash consideration

In the absence of a superior alternative proposal, the Scheme 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 holding an investment in Sunland which are summarised below in a non-exhaustive manner:

- *Risk of inadequate provisions* – The Company forecasted A\$4.9 million as at 31 August 2024 for the amount that may be payable to fulfil any future obligations associated with project maintenance and defect rectification, as request by law, until the unexpired defect liability periods lapse. In addition, this amount includes an estimate for the cost of future insurance premiums, Directors and Officers (“D&O”) insurance and excesses or deductibles for claims. Whilst the maintenance and warranty provision has been determined with respect to historical data on warranty claims and anticipated costs of fulling these claims, 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. Further, the market for insurance for the Company can be considered volatile and uncertain given Sunland no longer pursues active business. Accordingly, there is considerable uncertainty surrounding the existence of circumstances that would expose the Company to materially greater costs in respect of these risks.
- *Risk of Directors and Officers (“D&O”) insurance being removed* – There is a risk that over the period till the Realisation Date, the Directors may not be offered D&O insurance given that the Company no longer has an active business. In the absence of D&O insurance, the Directors may face personal financial liability for decisions made while serving on the Board and will become vulnerable to any lawsuits that may arise related to their decisions. In such circumstances, the Directors would likely resign, and Sunland would operate without strategic oversight and violate corporate governance regulations.

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 Scheme 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 Scheme (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.

Competitive bidding process

The Scheme is the outcome of a competitive environment from which the Company has received competing proposals from multiple parties. Refer to Section 1.2 for further details on the approaches and transactions from interested parties.

Finalisation of the Strategy

If the Scheme is implemented, it will bring the Strategy to its conclusion. Including the Scheme Consideration, the Strategy will see a total of circa A\$478.2 million received by Sunland Shareholders (equivalent to A\$3.4925 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.

Notably, the Scheme Consideration represents circa 1.9% of the total amount received by Sunland Shareholders from the Strategy and the Scheme 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 other transaction costs.

Disadvantages

Possible additional surplus

Sunland has estimated certain provisions are necessary to provide resources to meet the prospect of possible future claims that are 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. If the Scheme is implemented, 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 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 Scheme. 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

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 Scheme Booklet and Independent Expert Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before Sunland Shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned or Sunland Shareholders may vote against it.

It should be noted that ACO submitted an indicative proposal to acquire, by way of scheme of arrangement, 100% of the shares in the Company that it did not already own for cash consideration of A\$0.070 per Sunland Share, however, this offer was non-binding and ACO has not proceeded with it as at the date of this Report.

Implications if the Scheme is not implemented

If the Scheme is not implemented, the Strategy will continue to run its course and the amounts retained by the Company will be used 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 Scheme is not implemented, 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 Scheme 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. If the Scheme is not implemented, the proposed return of any surplus upon the 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 Scheme as set out in Section 8 of the Scheme Booklet and also seek independent financial and tax advice.

Reasonableness conclusion

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

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE and hence in the BEST INTERESTS** of Sunland Shareholders in the absence of a superior alternative proposal emerging.

Each Sunland Shareholder should decide whether or not to accept the Scheme 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 Scheme 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 Scheme, 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 Scheme. This report is included in the Scheme Booklet outlining the Scheme.

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\$40,000 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 and Sun Holdings 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 Scheme.

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

In July 2024, Grant Thornton prepared an IER in relation to Sun Holdings off-market takeover bid to acquire 100% of the shares in Sunland for cash consideration of A\$0.045 per Sunland Share (A\$0.05 per Sunland Share reduced by a permitted dividend of A\$0.005 per Sunland Share).

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 Scheme. 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 Scheme

1.1 General terms of the Scheme Implementation Agreement

On 23 October, the Company and Sun Holdings entered into a SIA whereby Sun Holdings will acquire, by way of scheme of arrangement, 100% of the shares in the Company for cash consideration of A\$0.0675 per Sunland Share, reduced by any Permitted Dividend declared by the Directors (if any).

We have set out below some of the key terms of the SIA. Refer to Section 3.6 of the Scheme Booklet for further details.

- *Conditions precedent* – the SIA includes the following conditions precedent, each of which must be satisfied or waived, if capable of waiver, before the Scheme can become effective.
 - Approval of the Scheme by Sunland Shareholders and by the Court in accordance with Section 411(4)(a)(ii) and Section 411(4)(b) of the *Corporation Act 2001* (Cth) (“Corporations Act”).
 - The Independent Expert concludes and continues to conclude, that the Scheme is fair and reasonable and thereby in the best interests of Sunland Shareholders.
 - No Prescribed Occurrences and no Material Adverse Changes (as defined in the SIA).
 - Other conditions precedent typical for a transaction of this type.
- *Permitted Dividend* – Under the Scheme, the Directors have the right to declare and pay a dividend of up to A\$0.065 per Sunland Share, if any. The Permitted Dividend (if any) may be franked to the maximum extent possible by Sunland, subject to the franking account of Sunland not being in deficit after the Permitted Dividend payment date.
- *Other* – The SIA contains customary exclusivity provisions including no shop, no talk and no due diligence obligation which contains a customary fiduciary carve-out, notification and matching right obligations in the event of a competing proposal and terminal rights for certain specified material adverse events that may occur prior to the Scheme being implemented (subject to appropriate exceptions).

1.2 Other approaches and proposed transactions with interested parties

In the period leading up to the Scheme, Sunland was subject to a number of other approaches and proposed transactions from interested parties, which we have summarised below.

On 19 April 2024, Sunland received a non-binding indicative offer (“NBIO”) from Homecorp Property Group Pty Ltd (“Homecorp”)⁴ (or its nominee) to acquire, by way of an agreed off-market takeover, 100% of the shares in Sunland for cash consideration of A\$0.08 per Sunland Share, reduced by any dividend declared, or paid, by the Directors before the takeover offer was made. On 5 June, the Directors declared a fully

⁴ Homecorp is a residential urban community development company headquartered on the Gold Coast in Queensland founded in 2004.

franked dividend of A\$0.04 per Sunland Share to be paid in June 2024, which reduced 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 would acquire, by way of an off-market takeover bid, 100% of the shares in the Company for cash consideration of A\$0.05 per Sunland Share, reduced by any dividend declared, or paid, by the Directors following the date of the BIA. On 2 July 2024, the Directors declared a dividend of A\$0.005 per Sunland Share to be paid in July 2024, which reduced the offer price of Sun Holdings to A\$0.045 per Sunland Share.

On 19 July 2024, the Company lodged a joint Bidder’s and Target’s Statement detailing the offer by Sun Holdings to acquire 100% of the shares in the Company for cash consideration of A\$0.045 per Sunland Share.

On 29 July 2024, the Company announced it had received an unsolicited, non-binding indicative proposal (subject to conditions) from Harvest Lane Asset Management Pty Limited (“Harvest Lane”)⁵ to acquire 100% of the shares in Sunland.

On 19 August 2024, the Company announced it had received a binding proposal (subject to conditions) from Harvest Lane under which it was proposed that Harvest Lane (or its nominee) would acquire, by way of scheme of arrangement, 100% the shares in the Company for cash consideration of A\$0.05 per Sunland Share, reduced by any dividends or distributions declared, or paid, by the Directors prior to implementation. In accordance with the Company’s obligation under the BIA, the Company concurrently provided Sun Holdings with a notice that it had received a proposal from Harvest Lane, allowing Sun Holdings the opportunity to provide an irrevocable offer of matching or a superior proposal to Harvest Lane’s proposal by 26 August 2024.

On 23 August 2024, the Company announced it had received an email from Abedian & Co Pty Ltd (“ACO”)⁶, who holds a 36.52% interest in the issued shares of the Company⁷, informing the Directors that it would not support the offers received from Sun Holdings and Harvest Lane at the prices contemplated in these offers (“Major Shareholder Update”).

On 27 August 2024, the Company announced that Sun Holdings had not issued a counter proposal and that Sun Holdings provided notice to the Company that Sun Holdings had not declared the offer free from any of the conditions described in the BIA. Accordingly, Sun Holding’s offer would be unsuccessful unless it obtained a relevant interest in at least 90% of the issued shares in the Company. Based on the Major Shareholder Update, the Directors considered it unlikely that Sun Holdings would obtain this relevant interest and thereby the offer would not be successful. As a result, the Directors had the unrestricted right to discuss Harvest Lane’s proposal, including by negotiating a scheme implementation deed, with Harvest Lane.

⁵ Harvest Lane is a Sydney based investment firm.

⁶ ACO is a property development company with sole director and company secretary of Dr. Soheil Abedian, a former officer of Sunland most recently holding the role of Executive Chairman.

⁷ ACO holds a circa 36.52% interest in the issued shares of the Company as at 22 October 2024 via its associates Havannah Pty Ltd (21.36%) and Pacific Development Corporation Pty Ltd (15.16%).

On 30 August 2024, the Company announced it received an unsolicited, non-binding, indicative proposal (subject to conditions) from ACO to acquire, by way of scheme of arrangement, 100% of the shares in the Company that it did not already own for cash consideration of A\$0.07 per Sunland Share.

On 3 September 2024, the Company announced that Sun Holdings did not acquire a relevant interest in at least 90% of the issued shares in the Company before the end of the offer period and as a result the offer was unsuccessful.

2 Purpose and scope of the report

2.1 Purpose

Section 411 of the Corporations Act

Section 411 of the Corporations Act regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the *Corporations Regulations 2001 (Cth)* (“Corporations Regulations”) prescribes information to be sent to shareholders and creditors in relation to members’ and creditors’ scheme of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (clauses 8303 and 8306) of the Corporations Regulations requires an independent expert’s report in relation to a scheme of arrangement to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert’s report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert’s report, documentation for a scheme of arrangement typically includes an independent expert’s report.

While there is no legal requirement for an independent expert’s report to be prepared in respect of the Scheme, the Directors have requested Grant Thornton Corporate Finance to prepare an independent expert’s report to express an opinion as to whether the Scheme is in the best interests of Sunland Shareholders.

2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company’s members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including Regulatory Guide 111 Content of expert reports (“RG 111”), Regulatory Guide 60 Scheme of arrangement (“RG 60”) and Regulatory Guide 112 Independence of experts (“RG 112”). The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term “in the best interests of members”.

RG 111 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. RG 111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is “in the best interests of the members of the company”. If an expert were to conclude that a proposal was “fair and reasonable” if it was in the form of a takeover bid, it will also conclude that the proposed scheme is “in the best interests of the members of the company”.

Pursuant to RG 111, an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company (among other matters).

RG 111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of Sunland on a control basis with the market value of the Scheme Consideration.

In considering whether the Scheme is in the best interests of Sunland Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair;
- The implications to Sunland Shareholders if the Scheme is not implemented;
- Other likely advantages and disadvantages associated with the Scheme; and
- Other costs and risks associated with Scheme that could potentially affect Sunland Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an 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 this fee is in no way contingent upon the successful implementation of the Scheme.

In July 2024, Grant Thornton prepared an IER in relation to Sun Holdings off-market takeover bid to acquire 100% of the shares in Sunland for cash consideration of A\$0.045 per Sunland Share (A\$0.05 per Sunland Share reduced by a permitted dividend of A\$0.005 per Sunland Share).

In our opinion, Grant Thornton Corporate Finance is independent of Sunland and its Directors and all other relevant parties of the Scheme.

2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme Booklet dated on or around 3 December 2024 in which this report is included and is prepared for the exclusive purpose of assisting Sunland Shareholders in their consideration of the Scheme. 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 Scheme Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Scheme to Sunland Shareholders as a whole. We have not considered the potential impact of the Scheme on individual shareholders. Individual shareholders have different financial circumstances, and it is neither practicable nor possible to consider the implications of the Scheme on individual shareholders.

The decision of whether or not to vote in favour of the Scheme is a matter for each Sunland Shareholder based on their own views of the value of Sunland and 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 Scheme, 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 two core business segments as outlined below:

- *Residential Housing and Urban Development* – which comprised of medium-density integrated housing developments and land subdivision.
- *Multi-Storey* – which 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 market⁸.

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”)⁹. 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 lapses¹⁰. 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.

⁸ 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 2020.

⁹ 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.

¹⁰ 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\$468.9 million net assets to Sunland Shareholders (equivalent to A\$3.425 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	0.300	41,073
30-Sep-21	Special dividend	0.200	27,382
13-Jan-22	Special dividend	0.100	13,691
17-Mar-22	Interim dividend	0.120	16,429
28-Jul-22	Special dividend	0.300	41,073
15-Sep-22	Final dividend	0.150	20,537
7-Dec-22	Special dividend	0.600	82,146
16-Mar-23	Special/interim dividend	0.400	54,764
27-Jul-23	Special dividend	0.200	27,382
20-Sep-23	Final dividend	0.110	15,060
1-Nov-23	Capital Reduction	0.900	123,219
25-Jun-24	Final dividend	0.040	5,476
26-Jul-24	Special dividend	0.005	685
Total net assets returned		3.425	468,915

Sources: Sunland ASX Announcement, GTCF analysis.

Should the Scheme be implemented, Sunland Shareholders will receive an additional A\$0.0675 per Sunland Share as the Scheme Consideration. The total amount received by Sunland Shareholders since the Strategy announcement would therefore become approximately A\$478.2 million (equivalent to A\$3.4925 per Sunland Share).

3.4 Financial information

3.4.1 Income Statement

The table below illustrates the Company's audited consolidated statements of financial performance for FY22, FY23 and FY24 and the unaudited management accounts for the year to date ("YTD") up to 31 August 2024.

Consolidated statements of financial performance	FY22	FY23	FY24	YTD August 2024
A\$'000s (unless otherwise stated)	Audited	Audited	Audited	Management
Revenue from sale of properties	554,510	255,608	4,602	-
Other revenue from operations	3,974	1,788	7,935	166
Other income/(expense)	31,167	9,801	23	-
Total revenue	589,651	267,197	12,560	166
Cost of goods sold - Property development	(450,293)	(202,921)	(5,185)	(26)
Administration and other expenses	(3,860)	(5,123)	(3,147)	(513)
Cost of other operations	(855)	(540)	-	-
Employee benefits expense	(10,277)	(10,292)	(2,935)	(175)
Depreciation and amortisation expense	(1,741)	(516)	(49)	-
Total operating expenses	(467,026)	(219,392)	(11,316)	(713)
Profit before income tax expense	122,625	47,805	1,244	(547)
Income tax benefit/(expense)	(30,064)	(14,392)	(268)	164
Net profit after tax	92,561	33,413	976	(383)
Basic earnings per share (cents)	67.6	24.4	0.7	nmf
Diluted earnings per share (cents)	67.6	24.4	0.7	nmf

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 Mount Annon project in FY24. 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\$1.0 million in FY24, down from A\$33.4 million in FY23 and A\$92.6 million in FY22, the latter being advanced by A\$61.5 million from the above-mentioned sale of several undeveloped inventory and investment properties.
- The Company achieved a negative return on cost of 7% across its residential development portfolio in FY24 as a result of the gradual completion of existing projects over the period in line with the

Strategy. The Company achieve a positive return on cost of 28% in FY23 and 24% in FY22. Management has historically targeted a development margin of 20%.

- 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 consolidated statements of the financial position as at 30 June 2022, 30 June 2023 and 30 June 2024 and the unaudited management accounts at 31 August 2024 are set out in the table below.

Consolidated statements of financial position A\$'000s	30-Jun-22 Audited	30-Jun-23 Audited	30-Jun-24 Audited	31-Aug-24 Management
Assets				
Cash and cash equivalents	262,222	196,861	19,317	17,988
Trade and other receivables	14,153	957	18	17
Current tax receivables	-	-	1,048	1,221
Inventories	161,475	3,694	-	-
Other current assets	2,386	1,646	1,251	1,145
Assets classified as held for sale	10,116	-	-	-
Total current assets	450,352	203,158	21,634	20,371
Property, plant and equipment	319	124	-	-
Right-of-use assets	447	-	-	-
Deferred tax	-	1,677	947	987
Total non-current assets	766	1,801	947	987
Total assets	451,118	204,959	22,581	21,357
Liabilities				
Trade and other payables	26,345	6,268	688	571
Current tax liabilities	21,137	5,226	-	-
Provisions	3,083	2,864	1,697	1,618
Dividends payable	-	27,382	-	-
Other current liabilities	1,302	160	-	-
Total current liabilities	51,867	41,900	2,385	2,188
Interest bearing liabilities	49,041	-	-	-
Deferred tax	2,872	-	-	40
Provisions	226	-	-	-
Other non-current liabilities	232	84	-	-
Total non-current liabilities	52,371	84	-	40
Total liabilities	104,238	41,984	2,385	2,228
Net assets	346,880	162,975	20,196	19,129

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 August 2024 fell to A\$18.0 million, largely due to the A\$171.8 million of distributions since 30 June 2023.
- 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 to 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 have reduced to A\$2.4 million as at 31 August 2024 largely from the reduction in construction costs to complete and trade and other accruals.
- Provisions primarily comprises estimated warranty claims for those properties which have settled and have an unexpired defect liability period, with the residual relating to employee entitlements. The provision balance has declined from A\$3.1 million as at 30 June 2022 to A\$1.6 million as at 31 August 2024 (A\$1.3 million maintenance and warranties provision and A\$0.3 million employee entitlements) alongside the expiry of project liability periods and reduction in employee head count as a result of the Strategy.

3.4.3 Cash flows

The table below illustrates the Company's audited consolidated statement of cash flows for FY22, FY23 and FY24. No cash flow statement is included in the 31 August 2024 management accounts.

Consolidated statements of cash flow A\$'000s	FY22 Audited	FY23 Audited	FY24 Audited
Cash flows from operating activities			
Receipts from operations	561,237	231,349	5,232
Payments to suppliers and employees	(152,468)	(40,625)	(13,622)
Interest received	255	915	7,874
Interest and other finance costs paid	(8,161)	(2,227)	(180)
Income taxes refunded/(paid)	(20,340)	(34,854)	(5,811)
Net cash inflow from operating activities	380,523	154,558	(6,507)
Cash flows from investing activities			
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	100
Proceeds from sale of financial instruments	-	235	-
Net cash outflow from investing activities	47,923	20,017	100
Cash flow from financing activities			
Repayment of borrowings	(163,979)	(50,000)	-
Proceeds from borrowing	41,952	-	-
Dividends paid to shareholders	(57,501)	(198,519)	(47,918)
Distributions of capital to shareholders	-	-	(123,219)
Purchases of treasury shares	-	-	-
Proceeds from treasury shares dividends	163	8,583	-
Net cash (outflow)/inflow from financing activities	(179,365)	(239,936)	(171,137)
Net increase / (decrease) in cash and cash equivalents	249,081	(65,361)	(177,544)
Cash and cash equivalents at the beginning of the financial year	13,141	262,222	196,861
Cash and cash equivalents at year end	262,222	196,861	19,317

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 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. In FY24, the Company returned a total of A\$1.255 per Sunland Share to Sunland Shareholders, equivalent to approximately A\$171.8 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 22 October 2024.

Top five ordinary shareholders as at 22 October 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 BNP Paribas Nominees Pty Limited	8,431,844	6.16%
4 Citicorp Nominees Limited	5,826,376	4.26%
5 AACCT Limited	4,000,000	2.92%
Top five shareholders total	68,258,220	49.86%
Remaining shareholders	68,651,295	50.14%
Total ordinary shares outstanding	136,909,515	100.00%

Source: Sunland Management, GTCF analysis.

As set out in the table above, through its associates Havannah Pty Limited and Pacific Development Corporation Pty Limited, ACO holds an aggregate 36.52% interest in the Company.

4 Valuation approach

4.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Scheme Consideration with the fair market value of Sunland on a 100% 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 August 2024 of c. A\$17.9 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 August 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 Scheme Consideration.

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 August 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. 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 August 2024	5.1.1	17,853	17,853
Collection of receivables	5.1.1	17	17
Total assets		17,871	17,871
<u>Less:</u>			
Costs to complete remaining projects	5.1.2	(372)	(372)
Trade and other payables	5.1.2	(64)	(64)
Total liabilities		(436)	(436)
Net Proceeds		17,435	17,435
<u>Operating and Strategy Costs:</u>			
Interest income	5.1.3	2,313	2,520
Wages and salaries	5.1.3	(1,944)	(1,944)
Employee entitlements	5.1.3	(357)	(357)
Termination payments	5.1.3	(201)	(201)
Payroll tax	5.1.3	(102)	(102)
Administration expenses	5.1.3	(820)	(820)
Tax (payment)/refund	5.1.3	771	771
Exit costs	5.1.3	(700)	(700)
Total Operating and Strategy Costs		(1,041)	(834)
Sub-total		16,394	16,601
<u>Less:</u>			
Face value of maintenance and warranties provision and insurance costs	5.1.4	(4,855)	(4,855)
Risk factor	5.1.4	50%	0%
Risk adjusted value of maintenance and warranties provision and insurance cost		(7,282)	(4,855)
Potential remaining cash for Sunland Shareholders at the Realisation Date		9,112	11,746
Discount rate	5.1.5	8.50%	7.50%
Present value of potential remaining cash for Sunland Shareholders (A\$'000)		5,964	8,068
Total number of Sunland Shares outstanding	3.4.4	136,909,515	136,909,515
Present value of potential remaining cash for Sunland Shareholders (A\$/share)	Note (1)	0.045	0.060

Sources: GTCF analysis, Management estimates.

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

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5.1.1 Asset Realisation

As at 31 August 2024, Sunland had a realisable cash balance of circa A\$17.9 million. This excludes circa A\$0.1 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 August 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 August 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 August 2024, we note the following:

- *Costs to complete remaining projects* – Sunland held circa A\$0.4 million in construction accruals as at 31 August 2024 related to the forecast construction costs in completing the remaining four projects of the Company¹¹. 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 August 2024, Sunland had circa A\$0.1 million on balance sheet for trade and other payables, primarily comprised of 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 an investment account and we have estimated interest income at equivalent forecast deposit rates sourced from the RBA and market consensus at or around the date of this Report. Overall, interest income is forecast to be between circa A\$2.3 million and

¹¹ Specifically, this comprises Heights Land, Royal Pines, The Lakes and Hedges.

A\$2.5 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

Employee costs comprise of employee wages and salaries, entitlements, termination payments and payroll tax. Sunland 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 five employees are all scheduled to be made redundant by 31 December 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 fees for audit, consultancy services, ASX fees and other general operating costs. Administration costs exclude 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 after 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. Based on total exit costs to date, Sunland Management expect an additional circa A\$0.7 million of exit costs as at 31 August 2024. We have deducted this 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 August 2024, Sunland's balance sheet included circa A\$1.3 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, comprising initial renewal of circa A\$0.45 million in November and five renewals thereafter annually of circa A\$0.15 million.
- 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\$4.9 million as at 31 August 2024.

As at 31 August 2024, Sunland’s balance sheet included A\$1.1 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 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:

- Scheme Implementation Agreement.
- Scheme Booklet.
- Annual reports of Sunland.
- Sunland management accounts.
- Releases and announcements by Sunland on the ASX.
- Unaudited management accounts at 31 August 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, schemes of arrangement, 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 Scheme 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 Scheme.

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 Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, 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 Scheme. 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 Scheme. 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
ACO	Abedian & Co Pty Ltd
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
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
Grant Thornton Corporate Finance, or Grant Thornton, or we	Grant Thornton Corporate Finance Pty Limited
GST	Goods and services tax
GDP	Gross domestic product
Harvest Lane	Harvest Lane Pty Limited
Homecorp	Homecorp Property Group Pty Ltd
IER	This Independent Expert's Report prepared for the purposes of Section 411 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
Major Shareholder Update	On 23 August, the Company received an email from ACO, who controls a circa 36.52% interest in the issued shares of the Company, informing the Directors that it would not support the offers received from Sun Holdings and Harvest Lane at the prices contemplated in these offers.
Minimum Acceptance Condition	
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
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	Any dividend declared by the Directors (if declared, in their absolute discretion) of up to A\$0.065 per Sunland Share.
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

RG 111	ASIC regulatory guide 111 – Content of expert reports
RG 112	ASIC regulatory guide 112 – Independence of experts
RG 60	ASIC regulatory guide 60 – Scheme of arrangement
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 Scheme
Scheme	The scheme of arrangement by Sun Holdings to acquire 100% of the shares in the Company.
Scheme Consideration	Cash consideration of A\$0.0675 per Sunland Share, reduced by the amount of any Permitted Dividend declared by the Directors (if any).
SIA	Scheme Implementation Agreement
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
YTD	Year to date

Annexure B Scheme of Arrangement

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**Scheme of
Arrangement
under
Section 411 of the
Corporations Act**

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

Scheme Participants

MILLS OAKLEY
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SYDNEY NSW 2000
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Details

Date	2024
Parties	Sunland and Scheme Participants
Sunland	Name Sunland Group Limited
	ACN 063 429 532
	Address c/o BDO Services Pty Ltd, Level 10, 12 Creek Street, Brisbane QLD 4000
	Email darren.pereira@holdingredlich.com jeanne.vallade@holdingredlich.com
	Attention The directors
Scheme Participants	Each person who is a Sunland Shareholder at the Record Date.
Governing law	New South Wales, Australia

1 Definitions and Interpretation

1.1 Definitions

In this Scheme:

ASIC means the Australian Securities & Investments Commission.

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

Conditions Precedent means the conditions precedent in clause 3.1 of the Scheme Implementation Agreement.

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

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Court means the Federal Court of Australia, or any other court of competent jurisdiction under the Corporations Act agreed by the parties in writing.

Deed Poll means the deed poll dated on or about the date of this Scheme executed by Sun Holdings, under which Sun Holdings covenants in favour of the Scheme Participants to perform the actions attributed to it under this Scheme.

Details means the section of this Scheme headed "Details".

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means 30 June 2025, or such other date agreed by Sun Holdings and Sunland in writing.

Explanatory Statement means the statement under section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to the Scheme, and forms part of the Scheme Booklet.

Immediately Available Funds means by immediate electronic funds transfer or other form of cleared funds acceptable to Sunland.

Implementation Date means the 5th Business Day following the Record Date, or such other date as the parties agree in writing.

Independent Expert means the independent expert appointed by Sunland under the Scheme Implementation Agreement.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date means 5.00pm on the 7th Business Day following the Effective Date or such other time and date as the parties agree in writing.

Registered Address means in relation to a Scheme Participant, the address of the Scheme Participant shown in the Share Register as at the Record Date.

Registry means Link Market Services Limited (ACN 083 214 537) or such other person that provides share registry services to Sunland from time to time.

Regulatory Authority includes:

- (a) ASIC and the Takeovers Panel;
- (b) a government or governmental, semi-governmental or judicial entity or authority, including the ATO;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Scheme means the scheme of arrangement under part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to Sun Holdings, together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by Sunland and Sun Holdings.

Scheme Booklet means the information booklet to be approved by the Court and despatched to Sunland Shareholders which includes this Scheme, Explanatory Statement, Deed Poll, Independent Expert's report and notice of the Scheme Meeting and proxy form.

Scheme Consideration means for each Scheme Share the cash amount of \$0.0675, less the amount of the Permitted Dividend (as defined in the Scheme Implementation Agreement).

Scheme Implementation Agreement means the document titled "Scheme Implementation Agreement" between Sun Holdings and Sunland dated on or around 23 October 2024.

Scheme Meeting means the meeting to be convened by the Court at which Sunland Shareholders will vote on the Scheme.

Scheme Participant means each person who is a Sunland Shareholder at the Record Date.

Scheme Share means a Sunland Share held by a Scheme Participant at the Record Date.

Second Court Date means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard.

Share Register means the register of holders of Sunland Shares maintained by or on behalf of Sunland.

Subsidiary of an entity means another entity which:

- (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and
- (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares, or would be if the first entity was required to prepare consolidated financial statements.

A trust may be a subsidiary (and an entity may be a subsidiary of a trust) if it would have been a subsidiary under this definition if that trust were a body corporate. For these purposes, a unit or other beneficial interest in a trust is to be regarded as a share.

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

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

Sunland Shareholder means each person registered in the Share Register as a holder of Sunland Shares.

Takeovers Panel means the panel established under section 171 of the *Australian Securities and Investments Commission Act 1989* (Cth) and continued in existence by section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth).

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or assessed as being payable by any authority together with any fines, penalties and interest in connection with them.

Trust Account means the trust account with an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)) operated by or on behalf of Sunland to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with this Scheme.

Unclaimed Money Act means the *Unclaimed Money Act 1995* (NSW).

1.2 General interpretation

Unless the contrary intention appears, in this Scheme:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) a reference to a party, clause, annexure or schedule is a reference to a party to, clause in or annexure or schedule to this Scheme;
- (e) headings (including those in brackets at the beginning of paragraphs) and labels used for defined terms are for convenience only and do not affect the interpretation of this Scheme;
- (f) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (g) a reference to “person” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (h) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) a reference to a time of day is a reference to Sydney time;
- (j) other than as expressly provided in this Scheme, if an act under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (k) if a day on which a party must do something under this Scheme is not a Business Day, the party must do it on the next Business Day;
- (l) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (m) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;

- (n) a reference to “law” includes common law, principles of equity and legislation (including regulations);
- (o) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (p) a reference to “regulations” includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (q) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually; and
- (r) a reference to any thing (including an amount) is a reference to the whole and each part of it.

2 Preliminary matters

2.1 Sunland

- (a) Sunland is an unlisted public company limited by shares, incorporated in Australia and registered in New South Wales.
- (b) As at the date of the Scheme Implementation Agreement, Sunland’s issued securities were 136,909,515 Sunland Shares.

2.2 Sun Holdings

- (a) Sun Holdings is a proprietary company limited by shares, incorporated in Australia and registered in Queensland.
- (b) As at the date of the Scheme Implementation Agreement, Sun Holdings does not own any ‘relevant interest’ (as this term is defined by the Corporations Act) in Sunland Shares.

2.3 Scheme summary

If this Scheme becomes Effective, then on the Implementation Date:

- (a) Sun Holdings will provide or procure the provision of the Scheme Consideration to Scheme Participants in accordance with this Scheme and the Deed Poll; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to Sun Holdings, and Sunland will enter Sun Holdings in the Share Register as the holder of the Scheme Shares, with the result that Sunland will become a wholly-owned Subsidiary of Sun Holdings.

2.4 Implementation

- (a) Sunland and Sun Holdings have agreed by executing the Scheme Implementation Agreement to implement the Scheme.
- (b) This Scheme attributes actions to Sun Holdings but does not itself impose an obligation on it to perform those actions. Sun Holdings has agreed, by executing the Deed Poll, to perform the actions attributed to it in respect of this Scheme and set out in the Scheme Implementation Agreement, including providing or procuring the provision of the Scheme Consideration to the Scheme Participants. A copy of this Deed Poll forms part of the disclosure materials provided to Sunland Shareholders prior to the Scheme Meeting.

3 Conditions precedent and Effectiveness

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will not become Effective until, the satisfaction of each of the following conditions precedent:

- (a) as at 8:00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll have been terminated in accordance with their terms;
- (b) all of the Conditions Precedent (other than clause 3.1(c) of the Scheme Implementation Agreement in respect of Court approval of this Scheme) have been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement (unless they cannot be waived, in which case they must be satisfied);
- (c) the Court has approved this Scheme, with or without any modification or condition, under section 411(4)(b) of the Corporations Act, and if applicable, Sun Holdings and Sunland having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act and any such conditions having been satisfied or waived; and
- (d) the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme, on or before the End Date.

3.2 Conditions precedent and operation of clause 4

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 4 of this Scheme.

3.3 Certificate in relation to conditions precedent

- (a) Sunland and Sun Holdings must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.
- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

3.4 Effective Date

Subject to clauses 3.1 and 3.5, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.5 End Date

Without limiting any rights under the Scheme Implementation Agreement, this Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless Sun Holdings and Sunland otherwise agree in writing.

4 Implementation

4.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, in accordance with section 411(10) of the Corporations Act, Sunland must lodge with ASIC an office copy of the Court order approving the Scheme as soon as practicable, and in any event, by no later than 5:00pm on the first Business Day after the day on which the Court approves this Scheme, or any later date agreed in writing with Sun Holdings.

4.2 Transfer and registration of Scheme Shares

On the Implementation Date, subject to Sun Holdings paying the Scheme Consideration under clause 5.1 and providing Sunland with written confirmation that this has occurred:

- (a) the Scheme Shares must, without the need for any further act by a Scheme Participant other than acts performed as attorney and agent for the relevant Scheme Participant by Sunland under clause 7.5, be transferred to Sun Holdings by:
 - (i) Sunland executing and delivering to Sun Holdings, under the authority in clause 7.5, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to Sun Holdings; and
 - (ii) Sun Holdings executing and delivering that share transfer form or those forms to Sunland; and
- (b) immediately upon receipt of the executed share transfer form or forms, Sunland must enter the name and address of Sun Holdings in the Share Register as the holder of all Scheme Shares.

5 Consideration

5.1 Consideration under the Scheme

Sun Holdings must by no later than the Business Day before the Implementation Date, deposit, or procure the deposit in Immediately Available Funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Participants to the Trust Account (except that the amount of any interest on the amount deposited will be to Sun Holdings' account).

5.2 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of the funds from Sun Holdings in accordance with clause 5.1 of this Scheme, Sunland must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to Sun Holdings on the Implementation Date by that Scheme Participant from the Trust Account.
- (b) The obligations of Sunland under clause 5.2(a) will be satisfied by Sunland (in its absolute discretion) and despite any election referred to in clause 5.2(b)(i) or authority referred to in 5.2(b)(ii) made or given by the Scheme Participant:
 - (i) paying, or procuring the payment of, the relevant amount in A\$ by electronic means to a bank account nominated by the Scheme Participant, where the Scheme Participant has made a valid election prior to the Record Date in accordance with the requirements of the

- Registry to receive dividend payments from Sunland to that bank account;
- (ii) paying, or procuring the payment of, the relevant amount in A\$ by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to Sunland; or
 - (iii) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank for the relevant amount in A\$ to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Share Register is outside Australia, by pre-paid airmail post) to their address recorded in the Share Register on the Record Date, with the cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 5.6).
- (c) If:
- (i) a Scheme Participant does not have a Registered Address and no account has been notified in accordance with clause 5.2(b)(i) or a deposit into that account is rejected or refunded; or
 - (ii) a cheque issued under this clause 5.2 has been cancelled in accordance with clause 5.3(a)(i),

Sunland as the trustee for the Scheme Participants may credit the amount payable to the relevant Scheme Participant to a separate bank account of Sunland (**Separate Account**) to be held until the Scheme Participant claims the amount or the amount is dealt with under the Unclaimed Money Act. If the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Participant claims the amount or the amount is dealt with under the Unclaimed Money Act. Until that time as the amount is dealt with under the Unclaimed Money Act, Sunland must hold the amount on trust for the relevant Scheme Participant, but any interest or other benefit accruing from the amount will be to the benefit of Sun Holdings. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the relevant Scheme Participant when credited to the Separate Account or Trust Account (as applicable). Sunland must maintain records of the amounts paid, the people who are entitled to the amount and any transfers of the amounts.

- (d) If, following satisfaction of Sunland's obligations under clause 5.2(c), there is a surplus in the amount held by Sunland as trustee for the Scheme Participants in the Trust Account, that surplus must be paid by Sunland to Sun Holdings.
- (e) If this Scheme lapses after Sun Holdings has provided some or all of the Scheme Consideration in accordance with clause 5.1, but prior to Sun Holdings being entered into the Share Register as the holder of the Scheme Shares in accordance with clause 4.2(b), Sunland must immediately refund (or procure the refund) to Sun Holdings of the amount deposited into the Trust Account in accordance with clause 5.1, together with any interest thereon (less bank fees and charges).

5.3 Unclaimed consideration

- (a) Sunland may cancel a cheque issued under this clause 5 if the cheque:
 - (i) is returned to Sunland; or

- (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date and in any event not earlier than 20 Business Days after the Implementation Date, on request from a Scheme Participant, Sunland must reissue a cheque that was previously cancelled under clause 5.3(a).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the Unclaimed Money Act). Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of Sun Holdings.

5.4 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in an entitlement to a fraction of a cent, the fractional entitlement will be rounded to the nearest whole number as follows:

- (a) fractional entitlements of 0.5 or more of a cent will be rounded up to the nearest whole number; and
- (b) fractional entitlements of less than 0.5 of a cent will be rounded down to the nearest whole number.

5.5 Orders of a court or Regulatory Authority

If written notice is given to Sunland (or the Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that:

- (a) requires payment to a third party of a sum in respect of Sunland Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with this Scheme, then Sunland must procure that payment is made in accordance with that order or otherwise by law; or
- (b) which would prevent Sunland from dispatching payment to any particular Scheme Participant in accordance with this Scheme, or the payment is otherwise prohibited by applicable law, Sunland will retain an amount, in Australian dollars, equal to the number of Sunland Shares held by that Scheme Participant multiplied by the Scheme Consideration until the time payment in accordance with this Scheme is permitted by that order or otherwise by law.

5.6 Joint holders

In the case of Sunland Shares held in joint names:

- (a) any Scheme Consideration payable in respect of those Sunland Shares is payable to the joint holders (unless the joint holders have nominated a bank account in accordance in accordance with clauses 5.2(b)(i) or 5.2(b)(ii), in which case the amount may be deposited to the nominated bank account of the joint holders) and any bank cheque required to be paid to Scheme Participants under this Scheme must be payable to the joint holders and be forwarded to the holder whose name appears first in the Share Register as at the Record Date; and
- (b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

5.7 Title to and rights in Scheme Shares

- (a) Immediately upon the provision of the Scheme Consideration to each Scheme Participant, Sun Holdings will be beneficially entitled to the Scheme Shares

transferred to it under this Scheme pending registration by Sunland of the name and address of Sun Holdings or its custodian in the Share Register as the holder of all Scheme Shares.

- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Sun Holdings will, at the time of transfer to Sun Holdings, vest in Sun Holdings free from all:
 - (i) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (ii) restrictions on transfer of any kind.
- (c) To avoid doubt, notwithstanding clause 5.7(a), to the extent that clause 5.5(a) applies to any Scheme Participant, Sun Holdings will be beneficially entitled to any Scheme Shares held by that Scheme Participant immediately upon compliance with clause 5.5 on the Implementation Date as if Sun Holdings had provided the Scheme Consideration to that Scheme Participant.

6 Dealings in Sunland Shares

6.1 Determination of Scheme Participants

- (a) To establish the identity of Scheme Participants, Sunland will only recognise dealings in Scheme Shares if registrable transfers or transmission applications in respect of those dealings are received by the Registry on or before the Record Date.
- (b) Sunland must register those registrable transfers or transmission applications received on or before the Record Date, and Sunland will not accept for registration, nor recognise for any purpose, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate, except a transfer to Sun Holdings pursuant to this Scheme and any subsequent transfer by Sun Holdings.

6.2 No issue

Sunland must not issue any Sunland Shares after the Effective Date and on or before the Implementation Date.

6.3 No registration of transfers

If this Scheme becomes Effective:

- (a) a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme, and any such disposal will be void and of no legal effect whatsoever; and
- (b) Sunland must not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Sunland Shares received after the Record Date, other than a transfer to Sun Holdings, in accordance with this Scheme.

6.4 Statements of holding

Subject to provision of the Scheme Consideration and registration of the transfer to Sun Holdings contemplated in clause 4.2, all statements of holdings (or certificates) for

Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of those Scheme Shares, except as evidence of entitlement to the Scheme Consideration.

6.5 Maintenance of Share Register

- (a) In order to determine entitlement to the Scheme Consideration, Sunland must maintain, or procure the maintenance of, the Share Register in accordance with this clause 6 and close the Share Register as at the Record Date.
- (b) The Share Register in this form will solely determine the entitlements of Scheme Participants to the Scheme Consideration.

6.6 Details of Scheme Participants

As soon as possible and in any event within one Business Day of the Record Date, Sunland must make available to Sun Holdings the details of the names, Registered Addresses and holdings of Sunland Shares for each Scheme Participant as shown in the Share Register as at the Record Date, in the form Sun Holdings reasonably requires.

7 General Scheme provisions

7.1 Consent to Court amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Sunland may by its counsel consent on behalf of all persons concerned to those alterations or conditions; and
- (b) each Scheme Participant agrees to any such alterations or conditions to which counsel for Sunland has consented.

7.2 Further action by Sunland

Each Scheme Participant irrevocably consents to Sunland doing all things (on its own behalf and on behalf of each Scheme Participant) necessary or incidental to give full effect to the implementation of this Scheme and the transactions contemplated by it.

7.3 Warranties by Scheme Participants

- (a) Each Scheme Participant acknowledges that this Scheme binds Sunland and all Scheme Participants, including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting.
- (b) Each Scheme Participant:
 - (i) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those shares in accordance with this Scheme;
 - (ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares, as relevant, constituted by or resulting from this Scheme; and
 - (iii) agrees to, at the direction of Sun Holdings, destroy any share certificates relating to their Scheme Shares.
- (c) Each Scheme Participant is taken to have warranted to Sun Holdings, and appointed and authorised Sunland as its attorney and agent to warrant to Sun Holdings, that it has no existing rights to be issued any Sunland Shares, Sunland options, Sunland convertible notes or any other Sunland securities.

- (d) Each Scheme Participant is taken to have warranted to Sun Holdings, and appointed and authorised Sunland as its attorney and agent to warrant to Sun Holdings, that:
 - (i) all of its Scheme Shares transferred to Sun Holdings under this Scheme, including any rights and entitlements attaching to those shares, will, at the date of transferring them, be fully paid and free from all:
 - (A) Encumbrances; and
 - (B) restrictions on transfer of any kind; and
 - (ii) it has full power and capacity to transfer its Scheme Shares to Sun Holdings together with any rights and entitlements attaching to those shares under the Scheme.
- (e) Sunland undertakes that it will provide the warranties in clauses 7.3(c) and 7.3(d) to Sun Holdings as agent and attorney of each relevant Scheme Participant.

7.4 Appointment of sole proxy

Immediately upon the Scheme Consideration being provided by Sun Holdings to each Scheme Participant under clause 5 and until Sunland registers Sun Holdings as the holder of all Scheme Shares in the Share Register:

- (a) each Scheme Participant is deemed to have appointed Sun Holdings as attorney and agent (and to have directed Sun Holdings in that capacity) to appoint any director, officer, secretary or agent nominated by Sun Holdings as its sole proxy and where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) no Scheme Participant may itself attend or vote at any shareholders' meetings or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than under clause 7.4(a));
- (c) each Scheme Participant must take all other actions in the capacity of a registered holder of Scheme Shares as Sun Holdings reasonably directs; and
- (d) each Scheme Participant acknowledges and agrees that in exercising the powers conferred by clause 7.4(a), Sun Holdings and any director, officer, secretary or agent nominated by Sun Holdings under that clause may act in the best interests of Sun Holdings as the intended registered holder of the Scheme Shares.

7.5 Authority given to Sunland

- (a) Each Scheme Participant, without the need for any further act, irrevocably appoints Sunland and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:
 - (i) enforcing the Deed Poll against Sun Holdings;
 - (ii) executing any document, or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including executing any share transfer forms,and Sunland accepts that appointment.

- (b) Sunland, as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 7.5 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

7.6 Scheme binding

Each of the Scheme Participants:

- (a) irrevocably consents to Sunland and Sun Holdings doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Sunland and all of the Scheme Participants (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Sunland.

8 General

8.1 Stamp duty

- (a) Sun Holdings will:
 - (i) pay or reimburse all stamp duty, registration fees and any similar Taxes payable or assessed as being payable (if any) and any related fines and penalties payable on or in respect of this Scheme; and
 - (ii) indemnify each Scheme Participant against, and agrees to reimburse and compensate it, for any liability arising from failure to comply with clause 8.1(a)(i).
- (b) However, Sun Holdings need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of Sunland's delay.

8.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Sunland, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Sunland's registered office or at the office of the Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Sunland Shareholder does not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.3 Governing law

The law in force in New South Wales governs this Scheme. The parties submit to the non-exclusive jurisdiction of the courts of that place and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

8.4 Serving documents

Without preventing any other method of service, any document in an action in connection with this Scheme may be served on a party by being delivered or left at that party's address set out in the Details.

8.5 Further action

Sunland must promptly execute all documents and do all acts and things as may be necessary or expedient (on its own behalf and on behalf of each Scheme Participant) to implement and give full effect to this Scheme in accordance with its terms.

8.6 No liability when acting in good faith

Without prejudice to each parties' rights under the Scheme Implementation Agreement, each Scheme Participant agrees that Sunland, Sun Holdings and their respective directors, officers, secretaries and employees will not be liable for anything done or omitted to be done in performance of this Scheme or the Deed Poll in good faith.

Annexure C Deed Poll

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Scheme Deed Poll

Sun Holdings GC Pty Ltd (ACN 677 077 771)
(Sun Holdings)

Homecorp Property Group Pty Ltd (ACN 162
293 763)
(Homecorp)

In favour of each Scheme Participant

Details

Date	20 November 2024
BY	Sun Holdings GC Pty Ltd (ACN 677 077 771) of c/o Morgan Conley Solicitors Pty Ltd, Level 6, 239 George Street, Brisbane QLD 4000 (Sun Holdings) Homecorp Property Group Pty Ltd (ACN 162 293 763) of c/o Morgan Conley Solicitors Pty Ltd, Level 6, 239 George Street, Brisbane QLD 4000 (Homecorp)
IN FAVOUR OF	Each person who is a Sunland Shareholder at the Record Date (Scheme Participants)

Recitals

- A. Sun Holdings and Sunland have entered into the Scheme Implementation Agreement, under which Sun Holdings has agreed to enter into this deed.
- B. Sunland has agreed in the Scheme Implementation Agreement, subject to the satisfaction or waiver of certain conditions, to propose the Scheme.
- C. Under the Scheme, all Scheme Shares held by Scheme Participants will be transferred to Sun Holdings for the Scheme Consideration.
- D. Sun Holdings is entering into this deed to covenant in favour of the Scheme Participants that it will observe and perform its obligations under the Scheme.
- E. Homecorp is entering into this deed for the purposes of guaranteeing Sun Holdings performance of the steps attributed to it under the Scheme Implementation Agreement and the Scheme and to ensure that the Scheme Consideration is paid to the Scheme Participants.

Terms and Conditions

1 Definitions and Interpretation

1.1 Defined terms

In this deed:

Controller has the meaning given in the Corporations Act.

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

Details means the section of this deed headed "Details".

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this deed); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in paragraphs (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which a person relying on this deed reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

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

Sunland Directors means the directors of Sunland.

Scheme means the scheme of arrangement under part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to Sun Holdings, together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by Sunland and Sun Holdings.

All other words and phrases used in this deed have the meaning given to them in the Scheme.

1.2 Interpretation

The rules for interpretation specified in clause 1.2 of the Scheme apply in interpreting this deed unless the context otherwise requires, except that the references to 'this Scheme' in that clause 1.2 of the Scheme are to be read as references to 'this deed'.

1.3 Nature of deed poll

Sun Holdings and Homecorp acknowledge that:

- (a) this deed may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Sunland and any of the Sunland Directors (jointly and each of them severally) as its agent and attorney to enforce this deed against Sun Holdings.

2 Condition precedent and termination

2.1 Condition

Sun Holdings and Homecorp's obligations under clause 3 are subject to the Scheme becoming Effective (other than clause 3.1(a), which applies on and from the date of this deed).

2.2 Termination

If:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Scheme does not become Effective on or before the End Date,

then Sun Holdings and Homecorp's obligations under this deed automatically terminate and the terms of this deed are of no further force or effect, unless Sun Holdings, Homecorp and Sunland otherwise agree in writing.

2.3 Consequences of termination

If this deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Sun Holdings or the Scheme Participants:

- (a) Sun Holdings and Homecorp are released from their obligations to further perform this deed except those obligations contained in clause 7.4 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains any rights, power or remedies it has against Sun Holdings and Homecorp in respect of any breach of this deed by Sun Holdings and Homecorp that occurred before termination of this deed.

3 Obligations and Scheme Consideration

3.1 Performance of obligations generally

- (a) Sun Holdings must comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.
- (b) Subject to clause 2, each of Sun Holdings and Homecorp undertakes in favour of each Scheme Participant to perform the actions attributed to it under the Scheme as if it were a party to the Scheme.

3.2 Undertaking to provide Scheme Consideration

Subject to clause 2, Sun Holdings undertakes in favour of each Scheme Participant (and Homecorp undertakes in favour of each Scheme Participant to unconditionally and irrevocably guarantee the obligation of Sun Holdings) to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme; and
- (b) undertake, or procure the undertaking of, all other actions attributed to it under the Scheme.

4 Representations and warranties

4.1 Sun Holdings representations and warranties

Sun Holdings represents and warrants to each Scheme Participant that:

- (a) **(status)** it is a company limited by shares and validly existing under the laws of its place of incorporation, and has power and authority to own its assets and carry on its business as it is now being conducted, and it is a wholly owned subsidiary of Homecorp;
- (b) **(power)** it has full legal capacity and power to enter into this deed and to carry out the transactions that this deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this deed and its carrying out of the transactions this deed contemplates;
- (d) **(deed effective)** this deed constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping;
- (e) **(no restrictions)** this deed does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (f) **(solvency)** it is not Insolvent.

4.2 Homecorp representations and warranties

Homecorp represents and warrants to each Scheme Participant that:

- (a) **(status)** it is a company limited by shares and validly existing under the laws of its place of incorporation, and has power and authority to own its assets and carry on its business as it is now being conducted, and Sun Holdings is a wholly owned subsidiary of Homecorp;
- (b) **(power)** it has full legal capacity and power to enter into this deed and to carry out the transactions that this deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this deed and its carrying out of the transactions this deed contemplates;
- (d) **(deed effective)** this deed constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping;
- (e) **(no restrictions)** this deed does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (f) **(solvency)** it is not Insolvent.

5 Continuing obligations

This deed is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Sun Holdings and Homecorp have completely performed their obligations under this deed; or
- (b) the earlier termination of this deed under clause 2.2.

6 Variation and assignment

6.1 Variation

This deed or any right created under it may not be varied, altered or otherwise amended unless:

- (a) before the Second Court Date:
 - (i) Sunland, Sun Holdings and Homecorp agree to that variation, alteration or amendment in writing; and
 - (ii) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme; or
- (b) on or after the Second Court Date, Sun Holdings and Homecorp agree to a variation in writing as approved by the Court,

in any of which events, Sun Holdings and Homecorp must enter into a further deed poll in favour of Scheme Participants giving effect to that variation.

6.2 Assignment

The rights and obligations of a person under this deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with at law or in equity without the prior written consent of Sun Holdings and Homecorp, and any purported dealing in contravention of this clause 6.2 is invalid.

7 General

7.1 Notices

Unless expressly stated otherwise in this deed, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed must be in writing and sent to the address stated in the Details, or as otherwise advised by Sun Holdings and Homecorp from time to time, and marked to the attention of the person stated in the Details.

7.2 Governing law

- (a) This deed is governed by the laws in force of New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, and any court that may hear appeals from any of those courts, for any proceedings in connection with the Scheme, and waive any right they might have to claim that those courts are an inconvenient forum.

7.3 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

7.4 Stamp duty and registration fees

Sun Holdings and Homecorp must:

- (a) pay or reimburse all stamp duty, registration fees and any similar taxes payable or assessed as being payable, including any related fines, interest and penalties, in respect of or in connection with this deed, the performance of this deed and each transaction effected by or made or any instrument executed under this deed or the Scheme, including the transfer of the Scheme Shares to Sun Holdings under the Scheme; and
- (b) indemnify each Scheme Participant against, and agrees to reimburse and compensate it, for any liability arising from failure to comply with clause 7.4(a),

however, Sun Holdings and Homecorp need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of Sunland's delay.

7.5 Cumulative rights

The rights, powers and remedies of Sun Holdings, Homecorp and the Scheme Participants under this deed are cumulative with and do not exclude the rights, powers or remedies provided by law independently of this deed.

7.6 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of a right provided by law or under this deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this deed.
- (b) A waiver or consent given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

7.7 Consent

Sun Holdings and Homecorp consents to Sunland producing this deed to the Court.

7.8 Further assurances

Sun Holdings and Homecorp must promptly do all further acts and execute and deliver all further documents (on its own behalf or on behalf of each Scheme Participant) necessary or desirable to give full effect to this deed and the transactions contemplated by this deed.

7.9 Severability

If the whole or any part of a provision of this deed is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 7.9 has no effect if the severance alters the basic nature of this deed or is contrary to public policy.

Execution page


EXECUTED as a deed poll

SIGNED, SEALED AND DELIVERED by
SUN HOLDINGS GC PTY LTD (ACN 677 077 771)
in accordance with section 127 of the *Corporations Act 2001* (Cth):


.....
Signature of Sole Director and Company Secretary

Ron Bakir
.....
Name of Sole Director and Company Secretary
(Please print)

SIGNED, SEALED AND DELIVERED by
HEMOCORP PROPERTY GROUP PTY LTD (ACN 162 293 763) in accordance with section 127 of the *Corporations Act 2001* (Cth):


.....
Signature of Sole Director and Company Secretary

Ron Bakir
.....
Name of Sole Director and Company Secretary
(Please print)

Annexure D Notice of Scheme Meeting

NOTICE OF COURT ORDERED MEETING OF SUNLAND GROUP LIMITED SHAREHOLDERS

Sunland Group Limited (Sunland)

ACN 063 429 532

Notice is given that, by an order of the Supreme Court of New South Wales (**Court**) made on 3 December 2024, pursuant to section 411(1) of the Corporations Act, the Court has ordered a meeting of the holders of Sunland Shares will be held in person at 10:30am (Brisbane time) on 20 January 2025 at Cypress Room 1, RACV Royal Pines Resort Hotel, Ross Street, Benowa, QLD 4217.

Unless the context otherwise requires, capitalised terms used in this Notice of Scheme Meeting (including the Scheme Resolution) have the meaning given to those terms in the Scheme Booklet, of which this notice forms part.

1. PURPOSE OF THE SCHEME MEETING

The purpose of this Scheme Meeting is to consider and, if thought fit:

- (a) to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Sunland and Sun Holdings agree) proposed to be made between Sunland and Sunland Shareholders; and
- (b) pass the Scheme Resolution.

The Scheme Booklet accompanying this Notice of Scheme Meeting constitutes an explanatory statement for the purposes of section 412(1) of the Corporations Act.

2. SCHEME RESOLUTION

The Scheme Meeting will be asked to consider, and if thought fit, to pass (with any alterations or conditions agreed or any alterations or conditions required by the Court) the following resolution:

“That pursuant to and in accordance with section 411 of the Corporations Act, the members agree to the arrangement proposed between Sunland Group Limited ACN 063 429 532 and the holders of its fully paid ordinary shares, designated as the Scheme, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with any alterations or conditions agreed or any alterations or conditions required by the Court) and, subject to approval of the Scheme by the Court, the Board of Directors of Sunland Group Limited is authorised to implement the Scheme with any such alterations or conditions.”



BY ORDER OF THE COURT

Company Secretary

EXPLANATORY NOTES FOR THE SCHEME MEETING

1. GENERAL

This Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the accompanying Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution. The Scheme Booklet includes a copy of the Scheme (refer Annexure B) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (being all Sections of this Scheme Booklet, other than this Annexure D).

2. VOTING ENTITLEMENTS

For the purposes of the Scheme Meeting, only those persons registered in the Share Register as a holder of Sunland Shares at the time of the Scheme Meeting are entitled to participate and vote at the Scheme Meeting in respect of each Sunland Share held by them at that time.

Only those Sunland Shareholders entered on the Share Register as at that time will be entitled to attend and vote at the Scheme Meeting either personally, by proxy or attorney or, in the case of a Sunland Shareholder or proxy who is a corporation, by corporate representative.

3. REQUIRED VOTING MAJORITY

The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.

The Scheme Resolution must be approved by:

- (a) a majority in number (that is, more than 50%) of Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative); and
- (b) holders of at least 75% of the total number of votes cast on the Scheme Resolution by Sunland Shareholders present and voting at the Scheme Meeting (either in person, by proxy, by attorney or corporate representative).

4. COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with any alterations or conditions agreed between Sunland and Sun Holdings or any alterations or conditions required by the Court to which Sunland and Sun Holdings agree) must also be approved by an order of the Court and under section 411(10) of the Corporations Act an office copy of the orders must be lodged with ASIC.

If the Scheme Resolution is approved by the required voting majority of Sunland Shareholders (as set out in section 3 of these “Explanatory notes for the Scheme Meeting”) at the Scheme Meeting, Sunland will apply to the Court for orders approving the Scheme.

5. HOW TO VOTE

The vote at the Scheme Meeting will be conducted by poll.

Sunland Shareholders who are entitled to vote at the Scheme Meeting may vote:

- (a) by attending the Scheme Meeting and voting personally or by appointing an attorney to attend the Scheme Meeting and vote on their behalf or, in the case of a Sunland Shareholder or proxy who is a corporation, by appointing a corporate representative to attend the Scheme Meeting and vote on their behalf;
or

- (b) by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying the Scheme Booklet, available on Sunland's Website or by contacting the Sunland Registry.

6. JOINTLY HELD SECURITIES

If you hold Sunland Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

7. VOTING BY PROXY

A Sunland Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one or more proxies to attend and vote in their place.

A proxy does not need to be a shareholder of Sunland and may be an individual or a body corporate.

If a Sunland Shareholder appoints more than one proxy, the Sunland Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise an equal proportion of the Sunland Shareholder's votes. If the specified proportion or number of votes exceeds that which the Sunland Shareholder is entitled to, each proxy may exercise an equal proportion of the Sunland Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

Proxies can be appointed in one of three ways:

- (a) online through the Sunland Registry's website at <https://investorcentre.linkgroup.com/>;
- (b) by posting or delivering the Proxy Form by hand to the Sunland Registry (addresses below); or
- (c) by faxing the Proxy Form to the Sunland Registry (fax number below).

Proxy Forms must be received by the Sunland Registry and all online proxy appointments must be completed no later than 11:30am (Sydney time) on 18 January 2025. Documents received after this deadline will not be valid for the scheduled meeting.

Sunland Registry's address details for the return of Proxy Forms is provided with the Scheme Booklet:

- (a) Hand deliveries:
Sunland Group Limited
C/- Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150
- (b) Postal address:
Sunland Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
- (c) By internet at the Sunland Registry's website:
<https://investorcentre.linkgroup.com/>
- (d) By Fax: +61 2 9287 0309

8. ATTENDANCE

If you or your proxies, attorneys or corporate representative(s) plan to attend the Scheme Meeting, please arrive at the venue at least 15 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

9. ADVERTISEMENT

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from Sunland's Website or by contacting the Sunland Registry.