

# Sunland Group

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27 February 2020

The Manager  
Company Announcements  
Australian Securities Exchange

## SUNLAND GROUP ANNOUNCES OFF MARKET BUY-BACK

Sunland Group Limited (ASX: SDG) ("**Sunland**" or "**the Company**") intends to undertake an off-market buy-back of up to up to 25%<sup>1</sup> of the issued shares of Sunland, representing a maximum amount of \$60 million worth of shares (the "**Buy-Back**"). The price per share will be fixed at the greater of \$1.70, representing the volume weighted average price of the shares for the five days up to yesterday's closing price; or 87% of the volume weighted average price of the shares for the five days from tomorrow, 28 February 2020 (having regard to regulatory requirements).

The Buy-Back is subject to receiving appropriate regulatory approvals and a Class Ruling from the Australian Taxation Office ("**ATO**"). The Buy-Back is also subject to approval by shareholders at an extraordinary general meeting ("**EGM**") which is currently intended to be held on or around 17 April 2020.

Further details of the proposed Buy-Back will be provided in a notice of meeting and Buy-Back explanatory memorandum for shareholders to consider. It is currently anticipated this information will be provided in mid-March 2020.

Sunland has engaged Grant Thornton to prepare an Independent Expert Report to assist shareholders determine whether to approve the Buy-Back at the EGM and whether to participate in the Buy-Back.

Sunland is focused on delivering stable, consistent performance during a period of continued adjustment and consolidation in the market cycle. Most recently, the Company has taken advantage of market conditions to sell (or agreed to sell) a number of properties. Sale of the properties set out below were completed during the first half of this financial year and reported in the December 2019 financial results. Sunland has realised \$38.4 million (after GST and selling costs) generating a pre-tax profit of \$14.6 million above book value.

Assets sold	Realisation	Profit
Development land, Ingleside NSW	\$16.7 M	\$7.1 M
Retail shopping centre, Gold Coast Qld	\$19.6 M	\$6.3 M
Commercial development land, Gold Coast Qld	\$2.1 M	\$1.2 M
	\$38.4 M	\$14.6 M

<sup>1</sup> Based on 136,909,515 Sunland shares on issue as at 27 February 2020.

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The balance of monies required to fund the \$60 million consideration to complete the maximum Buy-Back amount (being \$21.6 million) will be financed from the Company's existing debt facilities and settlements of inventory in the ordinary course of business.

The Board is focused on appropriate capital management and notes that the inherent value in the business is not being recognised by the market, with the share price as at Wednesday, 26 February 2020<sup>2</sup> being approximately 35% below the net tangible assets ("**NTA**") of Sunland. As at 31 December 2019, the NTA was \$2.61 per share. The Company sought external corporate advice to review options available to Sunland for the distribution of surplus funds. The Board considers that the Buy-Back is an appropriate mechanism to achieve a balance between holding and managing surplus funds, maintaining a conservative and flexible balance sheet, allowing Sunland to take advantage of new development opportunities as they arise, and delivering sustainable shareholder returns.

Yours sincerely,



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

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<sup>2</sup> Being the immediately preceding day to the announcement of this Buy-Back to the Market.