

Sunland Group

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25 August 2021

The Manager
Company Announcements
Australian Securities Exchange

Sale of Lots 909 and 915 The Lanes for \$32.75 million

Sunland Group Limited (ASX: SDG) (**Sunland Group**) is pleased to announce it has negotiated commercial terms for the proposed sale of Lots 909 and 915 of its property development “The Lanes”. This follows a public expression of interest campaign resulting in agreement by the parties to proceed with formal documentation on terms detailed below.

The winning bidder is the “Darryl Kelly & Brett Frizelle” consortium (**Consortium**) in which Mr Brett Frizelle (spouse of Sunland Director, Rebecca Frizelle) has an interest. It was therefore appropriate that Ms Frizelle has been (and will continue to be) excluded from the Board’s consideration of the matter and for the other directors (constituting an independent board committee (**IBC**)), to review the commercial terms offered for each bid. Bids that contained a value and/or conditions and risks not acceptable to the IBC were rejected and the winning bid contains those commercial terms and expectations required by Sunland Group through the selling process. The IBC also considered legal implications of transacting with the Consortium and has made the proposed transaction subject to shareholder approval under Chapter 2E of the *Corporations Act 2001* (Cth) and ASX Listing Rule 10.1.

Terms of the Transaction

The proposed sale is subject to the execution of a final binding agreement between Sunland Group’s wholly owned subsidiary, Sunland Developments No. 22 Pty Ltd ACN 164 903 011 (**Seller**) and the Consortium (**Buyer**). Such agreement relates to the sale of the lots 909 and 915 of the property development “The Lanes” (**Proposed Transaction**) being lots located at The Lakes, Mermaid Waters, Queensland (**Lots**). The Seller will be responsible for subdividing the precinct and delivering the lots to be contracted for sale and this will be a condition precedent for settlement included in the contract for sale of the lots.

Conditions

The Proposed Transaction is subject to and conditional upon terms of contract acceptable to the Seller and the Buyer and Sunland Group Board approval.

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SUNLAND GROUP LIMITED ABN 65 063 429 352

ROYAL PINES MARINA PRECINCT, ROSS STREET, BENOWA, QUEENSLAND 4217

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Further, the Proposed Transaction is subject to and conditional upon:

- Sunland Group obtaining all and necessary third party, regulatory and/or shareholder approval or consents (as required) to give effect to the Proposed Transaction, including approval by the shareholders of Sunland Group for the purpose of Chapter 2E of the *Corporations Act 2001* (Cth) and ASX Listing Rule 10.1; and
- Sunland Group receipt of an independent expert's report which is acceptable to Sunland Group (including by its IBC) for the purpose of ASX Listing Rule 10.5.10.

Commercial Terms

The key commercial terms of the Proposed Transaction are:

- **Basis:** the Seller will sell the Lots to the Buyer.
- **Purchase price:** the purchase price payable will be \$32.75M (including GST) allocated as follows:
 - Lot 909: \$13.75M; and
 - Lot 915: \$19M.
- **Deposit:** the Buyer will pay the Seller a deposit of \$3.27M (representing 10% of the purchase price).
- **Settlement:** Subject to satisfaction of the above conditions and the creation of the respective lots, it is currently anticipated settlement of the Proposed Transaction will be effected as follows:
 - 40% of the purchase price in or about February 2022; and
 - 50% of the purchase price in or about August 2022.

The Proposed Transaction is not subject to the Buyer undertaking due diligence inquiries in respect of the Lots.

Sunland's continuing strategy and use of funds

The Proposed Transaction is consistent with the continuing strategy of Sunland, which involves:

- sale of certain inventory which is not currently under development; and
- completion of development of certain other projects.

If the Proposed Transaction proceeds, Sunland Group will realise approximately \$32.75 million gross proceeds (being the purchase price), generating a profit of approximately \$5.1 million after tax.

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Consistent with its current strategy, funds raised by Sunland Group pursuant to the Proposed Transaction may be used by Sunland Group for working capital, to repay liabilities, and for returning net asset value to shareholders (or any of them).

Any application of funds raised pursuant to the Proposed Transaction will be subject to Board approval, necessary approvals from financiers, and compliance with any regulatory and legislative requirements.

This announcement has been authorised by the Board.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Grant Harrison', followed by a period.

Grant Harrison
Company Secretary