

4 August 2017

Gap Franchise and Strategic Review Update

OrotonGroup Limited [ASX:ORL] today announced the following update:

- Agreement reached with Gap to end franchise arrangements
- Continuation of the Strategic Review

Gap Franchise

OrotonGroup has entered into a binding agreement with Gap Inc to discontinue the Gap franchise business in Australia, with store closures targeted for completion by 31 January 2018.

As OrotonGroup is currently working through the details of the closure plan, it is too early to quantify the financial impact. However, this decision will end the Group's future investment in the franchise, limiting related future losses.

Ross Lane, CEO of OrotonGroup said "The Board and I thank the entire Gap Australia and Gap Inc. team for their dedication and substantial efforts to develop the Gap business in Australia over recent years. OrotonGroup also acknowledges the support and cooperation that it has received from Gap Inc. in amending existing arrangements."

Strategic Review

The amendment of the Westpac facility announced on 1 August 2017, and today's agreement with Gap, are important milestones in the Strategic Review announced on 17 May 2017. Together they enable the group to work through the closure of the Gap franchise stores and focus resources on the strategy for the core Oroton brand in the future.

OrotonGroup is also continuing to pursue various Strategic Processes aimed to maximise value for the company and its stakeholders. These options may include a sale, recapitalisation or refinancing of debt facilities. The Board notes that there is no certainty that this process will result in a proposal or transaction for OrotonGroup, nor what the terms of any such proposal or transaction would be, or whether such terms would be acceptable to, or recommended by the OrotonGroup Board.

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