

ASX ANNOUNCEMENT

UPDATE ON OPERATIONS

Melbourne, 14 July 2017: Simonds Group Ltd (**Simonds**) is pleased to provide an update in relation to its operational performance for the financial year ended 30 June 2017 (**FY17**).

Operations update

Simonds advises that site starts for Simonds Homes Australia (**SHA** or **Homes**) for the 12 months to 30 June 2017 total 2,391, down 154 on prior period. Investor and offshore sales during the year have been impacted by tightening in government and bank policies around investor lending. In addition, the Victorian Government introduced a range of initiatives to assist first home buyers which took effect from 1 July 2017. A number of our customers delayed their contracts to take advantage of these changes which also contributed to the lower site starts for FY17.

Builders Academy Australia (**BAA**) has accepted 2,586 new course enrolments for FY17, down 697 on prior period. Enrolments have been impacted by increased requirements in relation to the student enrolment process and a delay in the allocation of 2017 funding contracts for private training providers in Victoria. In addition, in the prior period, students were more likely to be undertaking two qualifications concurrently as opposed to the current period where students enrol into their second qualification on completion of their first.

| Key operational metrics | 12 months to 30 Jun 2017 | 12 months to 30 Jun 2016 |
|---------------------------------------|-----------------------------|-----------------------------|
| Simonds Homes Australia | | |
| Site starts | 2,391 | 2,545 |
| Display homes open (as at 30 Jun '17) | 117 | 120 |
| Sales pipeline ⁽¹⁾ | 2,725 | 2,405 |
| Builders Academy Australia | | |
| Course enrolments | 2,586 | 3,283 |
| Graduates | 1,973 | 3,306 |
| Discover Developments | | |
| Projects established | 3 | 4 |
| Forecast land lots | 70 | 292 |

1. Sales pipeline include sites with a Contract Signed, Sale Accepted or Deposit Paid with a forecasted site start date of no greater than 18 months as at 30 June 2017.

Group debt update

Simonds have extended the existing corporate finance facility arrangements (**the facility**) in place with Commonwealth Bank Australia to 7 November 2018. As at 30 June 2017 debt drawn under the facility was \$8.9 million, with facility headroom available being \$22.4m. As at 13 July 2017 debt drawn under the facility remains the same at \$8.9 million, with facility headroom available being \$22.4 million.

FY17 results release

Simonds is expected to release its FY17 results on Thursday 24 August 2017.

END.

For more information, please contact:

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