

ASX ANNOUNCEMENT

UPDATE ON OPERATIONS AND SCHEME OF ARRANGEMENT

Melbourne, 19 October 2016: Simonds Group Ltd (**Simonds**) is pleased to provide an update in relation to its Q1FY17 operational performance as well as the status of the proposed scheme of arrangement with SR Residential Pty Ltd (**Bidder**).

Operations update

Simonds advises that site starts for Simonds Homes for the three months to 30 September 2016 total 664 and Builders Academy Australia has accepted 990 new course enrolments for this period.

Key operational metrics	3 months to 30 Sep 2016	12 months to 30 Jun 2016
Simonds Homes Australia		
Sites starts for the period	664	2,545
Display homes open (at 30 Sep 2016)	116	120
Sales pipeline ⁽¹⁾ (at 30 Sep 2016)	2,335	2,405
Builders Academy Australia		
Course enrolments for the period	990	3,283
Graduates for the period	567	3,306
Discover Developments		
Projects established (at 30 Sep 2016)	4	4
Forecast land lots (at 30 Sep 2016)	290	292

1. Sales pipeline include sites with a Contract Signed, Sale Accepted or Deposit Paid with a forecast site start date of no greater than 18 months.

Simonds' net working capital increased by \$8.4 million between 30 June 2016 and 30 September 2016. Over the same period, drawn debt increased by \$4.3 million to \$13.2 million resulting in facility headroom of \$20.0 million. As at 18 October 2016 debt drawn under the facility was \$19.7m and the facility has also been reduced during the period by \$0.5m which results in facility headroom available being \$13.0m.

Scheme update

Simonds also wishes to update shareholders about the proposed scheme of arrangement.

Simonds has been seeking to finalise the scheme booklet with ASIC and the Supreme Court. This is not yet concluded. In view of this, Simonds and the Bidder have agreed to extend the End Date under the Scheme Implementation Agreement (**SIA**) from 18 November 2016 to 2 December 2016.

Simonds has provided financial and operating results for the three month period to 30 September 2016 to the Bidder as required by clause 5.7 of the SIA. Accordingly, the Bidder's right to terminate the SIA for any reason (previously announced to the market on 26 September 2016) will cease at 5.00pm (Melbourne time) on 21 October 2016.

Shareholders do not need to take any action at present. It is anticipated that the Scheme Booklet containing information relating to the Scheme and the Independent Expert's report will be sent to shareholders in late October 2016.

ENDS

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