

ASX ANNOUNCEMENT

SCHEME OF ARRANGEMENT – UPDATE

Melbourne, 21 SEPTEMBER 2016: Simonds Group Ltd (Simonds) (ASX: SIO).

On 16 September 2016, the Company's former Chief Executive Officer, Mr Paul McMahon, applied to the Supreme Court of Victoria for an injunction preventing the Scheme being implemented prior to 21 November 2016.

Mr McMahon alleged that the Scheme has been designed to frustrate the operation of a share price indemnity granted to him by several Simonds family private entities which only becomes operative if he sells his shares after 17 November 2016.

On 20 September 2016, the Supreme Court heard Mr McMahon's application. It refused to grant the injunction sought. However, the court was concerned about the impact of the proposed Scheme of Arrangement on the indemnity. The court advised that, if necessary, at the approval stage of the scheme, it will ensure that Mr McMahon's shares are not acquired before 18 November 2016.

This would represent a change in the terms of the transaction as previously agreed with SR Residential Pty Ltd. As advised to the market on 31 August 2016, SR Residential Pty Ltd has the right to terminate the scheme implementation agreement if the scheme is not implemented by 17 November 2016, unless the failure for the scheme to become effective arises out of a material breach by SR Residential (or its guarantors under the agreement). The Company has written to SR Residential Pty Ltd seeking its views about whether or not it will proceed with the scheme with the necessary amendments and will inform the market of the outcome.

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For more information, please contact:

Media

Miche Paterson
Partner
Newgate Communications
+61 400 353 762
miche.paterson@newgatecomms.com.au

Investors

Matthew Chun
Managing Director and CEO
Simonds Group
+61 3 9682 0700

About Simonds Group (ASX code SIO)

Simonds Group Limited is an ASX listed integrated homebuilder (Simonds Homes Australia) and Registered Training Organisation (Builders Academy Australia).

Simonds Homes Australia is the number one residential homebuilder in Victoria and one of Australia's largest volume builders with operations in Victoria, New South Wales, Queensland and South Australia.

Builders Academy Australia is a Registered Training Organisation with a focus on offering nationally accredited qualifications in building and construction. Established more than ten years ago, Builders Academy Australia offers training programs across Victoria, New South Wales, Australian Capital Territory and Queensland.

Embedded within one of Australia's leading home builders, Builders Academy Australia truly is 'builders training builders', offering a clear career upskilling and employment pathway for course participants.