

14 November 2016
NZX Announcement

Update to the Market

For the first six months of the financial year to October 2016, Smiths City Group (SCY) is pleased to announce increased revenues of 17.6%, when compared to the same period last year, due in part to the purchase of Furniture City in April 2016. On a same store basis, sales revenues increased by 7.7%. Delivered gross margin improved by 1% over last year for the same period.

The retail division of Smiths City Group, Smiths City Southern, has entered into a lease which will see the opening of the 30th Smiths City store in Hastings, New Zealand. When opened in February, 2017, this store will be the first of the Group's new store retail layouts based on the market research conducted in 2016, and is consistent with the Group's stated desire to expand nationally. The retail layout will be then rolled out throughout the retail presence as per the CEO's address to shareholders in September, 2016.

Smiths City Group Limited also advises that it has signed a committed terms sheet (**Term Sheet**) with a major trading bank to refinance the existing financial indebtedness of SCY and its wholly owned subsidiary, Smiths City Finance Limited.

The Term Sheet is subject to final legal documentation and customary conditions precedent being satisfied. The Group will be required to provide guarantees and security to the bank.

The Board of SCY believes that the new debt facilities will result in material savings in interest costs to the group.

Contemporaneously with this announcement SCY will notify its current financier of its intention to terminate the Group's existing debt facilities in accordance with the terms of each facility agreement.

The new facilities are expected to become available to the Group on or around March 2017.

For queries on this notification, please contact:

Roy Campbell
CEO
+64 (0) 27233 9574