

Form 603**Corporations Act 2001
Section 671B****Notice of initial substantial holder****To Company Name/Scheme** Simonds Group Limited**ACN/ARSN** 143 841 801**1. Details of substantial holder (1)**

Name Tarquin Australia Pty Ltd ACN 097 430 987 ATF James Francis Roche Family Trust
 Roche Holdings Pty Ltd ACN 007 046 040
 SR Residential Pty Ltd ACN 614 474 949

ACN/ARSN (if applicable)

The holder became a substantial holder on 30 August 2016

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares	56,138,895	56,138,895	39.03%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Tarquin Australia Pty Ltd ACN 097 430 987 ATF James Francis Roche Family Trust	A deemed relevant interest arises under section 608(1) of the Corporations Act as a result of the substantial holder's entry into the Joint Bid Agreement attached as Annexure A to this notice	56,138,895
Roche Holdings Pty Ltd ACN 007 046 040	A deemed relevant interest arises under section 608(1) of the Corporations Act as a result of the substantial holder's entry into the Joint Bid Agreement attached as Annexure A to this notice	56,138,895
SR Residential Pty Ltd ACN 614 474 949	A deemed relevant interest arises under section 608(1) of the Corporations Act as a result of the Joint Bid Agreement attached as Annexure A to this notice	56,138,895

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interests	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Tarquin Australia Pty Ltd ACN 097 430 987 ATF James Francis Roche Family Trust	Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 1 Family Trust	Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 1 Family Trust	6,560,004 fully paid ordinary shares
Roche Holdings Pty Ltd ACN 007 046 040	Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 2 Family Trust	Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 2 Family Trust	9,840,006 fully paid ordinary shares
SR Residential Pty Ltd ACN 614 474 949	Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 3 Family Trust	Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 3 Family Trust	16,400,010 fully paid ordinary shares
	Simonds Constructions Pty Ltd ACN 137 871 982 ATF Simonds Homes Discretionary Trust	Simonds Constructions Pty Ltd ACN 137 871 982 ATF Simonds Homes Discretionary Trust	21,485,018 fully paid ordinary shares
	Madisson Constructions Pty Ltd ACN 141 838 726 ATF Madisson Homes Trust	Madisson Constructions Pty Ltd ACN 141 838 726 ATF Madisson Homes Trust	1,572,678 fully paid ordinary shares
	Vallence Gary Simonds	Vallence Gary Simonds	281,179 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
Tarquin Australia Pty Ltd ACN 097 430 987 ATF James Francis Roche Family Trust	30 August 2016	Nil	56,138,895
Roche Holdings Pty Ltd ACN 007 046 040	30 August 2016	Nil	56,138,895
SR Residential Pty Ltd ACN 614 474 949	30 August 2016	Nil	56,138,895

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses


The addresses of persons named in this form are as follows:

Name	Address
Tarquin Australia Pty Ltd ACN 097 430 987 ATF James Francis Roche Family Trust	Level 3, 51 Stephenson Street, Cremorne VIC 3121
Roche Holdings Pty Ltd ACN 007 046 040	Level 3, 51 Stephenson Street, Cremorne VIC 3121
SR Residential Pty Ltd ACN 614 474 949	Level 3, 51 Stephenson Street, Cremorne VIC 3121
Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 1 Family Trust	Level 5, 570 St Kilda Road, Melbourne VIC 3004
Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 2 Family Trust	Level 5, 570 St Kilda Road, Melbourne VIC 3004
Simonds Custodians Pty Ltd ACN 050 199 365 ATF Gary Simonds No 3 Family Trust	Level 5, 570 St Kilda Road, Melbourne VIC 3004
Simonds Constructions Pty Ltd ACN 137 871 982 ATF Simonds Homes Discretionary Trust	Level 5, 570 St Kilda Road, Melbourne VIC 3004
Madisson Constructions Pty Ltd ACN 141 838 726 ATF Madisson Homes Trust	Level 5, 570 St Kilda Road, Melbourne VIC 3004
Vallence Gary Simonds	Level 5, 570 St Kilda Road, Melbourne VIC 3004

Signature

print name James Francis Roche capacity Director

sign here



Date 30 August 2016

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
 - (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
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Joint Bid Agreement

Simonds Family Office Pty Ltd
SFO

Roche Holdings Pty Ltd
Roche

Tarquin Australia Pty Ltd
Tarquin

SFO Operations Pty Ltd
SFO Operations

Clayton Utz
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Melbourne VIC 3000
GPO Box 9806
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DX 38451 333 Collins VIC
Tel +61 3 9286 6000
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Our reference 16246/18828/80173727

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Joint Bid Agreement

Date 30 August 2016

Parties **Simonds Family Office Pty Ltd ACN 602 022 140** of Level 5, 570 St Kilda Road, Melbourne VIC 3004 (**SFO**)

Roche Holdings Pty Ltd ACN 007 046 040 of Level 3, 51 Stephenson Street, Cremorne VIC 3121 (**Roche**)

Tarquin Australia Pty Ltd ACN 097 430 987 ATF James Francis Roche Family Trust of Level 3, 51 Stephenson Street, Cremorne VIC 3121 (**Tarquin**)

SFO Operations Pty Ltd ACN 614 350 622 ATF SFO Operations Trust of Level 5, 570 St Kilda Road, Melbourne VIC 3004 (**SFO Operations**)

Background

- A. SFO and its Associates have a Relevant Interest in 39.03% of the voting shares of the Target.
- B. Roche does not have a Relevant Interest in any voting shares of the Target.
- C. SFO and Roche have agreed to jointly pursue the Proposed Transaction on the terms and conditions set out in this agreement.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

Appointor has the meaning given in clause 4.2(a).

ASIC means the Australian Securities and Investments Commission.

Associates has the meaning given in sections 12 and 15 of the Corporations Act.

BidCo has the meaning given in clause 4.1(a).

Bid Expenses means third party costs and disbursements incurred by SFO, Roche or BidCo in connection with the Proposed Transaction, including the costs associated with:

- (a) incorporation of BidCo;
- (b) undertaking tax, accounting, financial and legal due diligence in relation to the Target and the Proposed Transaction;
- (c) seeking advice from third parties (including professional advisers and financiers) in relation to the Proposed Transaction; and
- (d) negotiating and preparing all documents necessary to give effect to the Proposed Transaction,

and any other expenditure approved in writing by the parties as a "Bid Expense" for the purpose of this agreement, but excluding any costs associated with the preparation or entry by

the parties into this agreement or any tax, accounting, financial or legal advice which a party may obtain for internal purposes.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Victoria, Australia

Corporations Act means the *Corporations Act 2001* (Cth).

Proposed Transaction means the proposed acquisition by SFO and Roche (or their respective nominees) or Bidco of all of the issued shares in the Target not currently controlled by SFO or its Associates by way of a scheme of arrangement pursuant to Part 5.1 of the Corporations Act.

Related Body Corporate has the meaning give in section 50 of the Corporations Act.

Relevant Interest has the meaning given in section 608 of the Corporations Act.

Target means Simonds Group Limited.

1.2 Interpretation

In this agreement headings are for convenience only and do not affect interpretation and, unless the contrary intention appears:

- (e) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;
- (f) the word **including** or any other form of that word is not a word of limitation;
- (g) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;
- (i) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (j) a reference to a document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (k) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;
- (l) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (m) a reference to **\$** or **dollar** is to Australian currency;
- (n) a reference to a date or time is to that date or time in Melbourne, Australia;
- (o) this agreement must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

1.3 Several liability

Unless otherwise agreed in writing by the parties, each party assumes its obligations under this agreement severally, and no party shall be, or shall be construed to be, jointly (or jointly and severally) liable for any obligation or liability arising out of, or in connection with, this agreement, the actions of the other party or any matter or circumstance arising in connection with the Proposed Transaction.

2. Nature of this agreement

2.1 Acknowledgements

The parties acknowledge that this agreement does not:

- (a) transfer title or ownership of any securities in the Target held by either party or its Associates;
- (b) confer any control over, or power to substantially influence, the exercise of a voting right attached to any securities in the Target held by either party or its Associates; and
- (c) restrict disposal of any securities in the Target held by either party or its Associates.

2.2 Conditions

Clauses 3 and 4 of this agreement shall be conditional upon, and shall not become legally binding on the parties until, one of the following conditions is satisfied:

- (a) shareholders of the Target (other than the parties and their Associates) pass a resolution under item 7 of section 611 of the Corporations Act approving the acquisition by that party of a Relevant Interest in the securities held by the other party; or
- (b) ASIC grants relief to the parties under section 655A of the Corporations Act from section 606 of the Corporations Act to permit the acquisition by a party of a Relevant Interest in the securities held by the other party or its Associates.

3. Proposed acquisition of the Target

3.1 Objectives

The parties agree to co-operate in good faith and take all steps reasonably necessary for the purpose of:

- (a) progressing the Proposed Transaction, including undertaking appropriate due diligence;
- (b) entering into, or procuring BidCo to enter into, a scheme implementation agreement with the Target in respect of the Proposed Transaction on terms acceptable to the parties;
- (c) entering into, or procuring BidCo to enter into, other agreements necessary to effect the Proposed Transaction; and
- (d) undertaking all other activities which the parties agree are reasonably necessary for the purpose of the Proposed Transaction.

3.2 Decision-making

All decisions in relation to the Proposed Transaction which are required to be made by:

- (a) SFO and Roche, must be made by agreement between them; and
- (b) BidCo, must be made by unanimous resolution of the directors of BidCo in accordance with clause 4.2.

3.3 Bid Expenses

- (a) All Bid Expenses incurred by SFO, Roche or BidCo or their Related Bodies Corporate must be borne and paid for by SFO and Roche in equal shares.
- (b) If a party makes any payment in relation to a Bid Expense (**Payer**), the other party must assume and be responsible for its equal share of the Bid Expense and must, immediately on demand by the Payer, reimburse the Payer for its equal share of the Bid Expense.
- (c) If a party terminates this agreement, that party must within 30 Business Days of the date of termination pay, or reimburse the other party for, as applicable, its equal share of all Bid Expenses incurred during the period prior to the date of termination of this agreement.

4. BidCo

4.1 Incorporation

- (a) As soon as possible after the date of this agreement, the parties will incorporate a new entity, or procure the transfer of shares to SFO or Roche (or their respective nominees, as applicable) in an existing entity (in either case, hereafter referred to as **BidCo**) for the purpose of pursuing the Proposed Transaction on the terms of this agreement.
- (b) BidCo shall be owned by SFO and Roche (or their nominees) in proportions to be agreed by the parties in writing after the date of this agreement.

4.2 Board

- (a) Each of SFO and Roche (each an **Appointor**):
 - (i) is entitled to appoint 3 directors to the board of BidCo; and
 - (ii) may, at any time by notice to BidCo and the other party, remove any director they have appointed to the board of BidCo and appoint a director in their place.
- (b) An Appointor must give written notice to BidCo and the other party of the appointment or removal of a director under clause 4.2(a). Upon delivery of the notice, the appointment or removal takes effect.
- (c) The quorum for a meeting of directors of BidCo is 1 director nominated by SFO and 1 director nominated by Roche. If a quorum is not present at a board meeting, the meeting is adjourned to the same time and place on the next Business Day. If a quorum is not present at the adjourned meeting, the number of directors in attendance shall be taken to constitute a quorum for the purpose of this clause 4.2(c).

- (d) Subject to clause 4.2(e), each director present and entitled to vote on a resolution or at a meeting of directors has one vote.
- (e) Each director appointed by the same Appointor who is present and entitled to vote on the same resolution of directors will be entitled to cast such number of votes on the resolution as is equal to the number of votes (in aggregate) which could be exercised by all directors appointed by that Appointor, divided by the number of directors appointed by that Appointor who are actually present and voting.
- (f) All decisions at meetings of directors of BidCo must be by unanimous resolution.

5. Termination

- (a) Either party may, at any time after the date of this agreement, notify the other party in writing that it terminates this agreement, and such termination shall have immediate effect upon receipt of such notice by the other party.
- (b) Clauses 1, 3.3, 6, 7 and 8 survive termination of this agreement.

6. Confidentiality

6.1 Confidentiality

Subject to clauses 6.2 and 6.3, each party must keep the existence and terms of this agreement confidential.

6.2 Exceptions

A party may make any disclosure in relation to this agreement:

- (a) to a professional adviser, financier or auditor if that person is obliged to keep the information disclosed confidential;
- (b) to comply with the law, or a requirement of a regulatory body, including the rules of any relevant securities exchange;
- (c) to any of its employees, officers or Related Bodies Corporate to whom it is necessary to disclose the information; or
- (d) if the information disclosed has come into the public domain through no fault of the party making the disclosure.

6.3 Public statements

All public statements made in connection with this agreement or the Proposed Transaction by either party must be in a form and on terms agreed by the parties in writing prior to the making of such statement.

7. Governing law and jurisdiction

This agreement is governed by and must be construed according to the law applying in Victoria, Australia. Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Victoria, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this agreement; and

- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 7(a).

8. General

8.1 Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this agreement:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by that party to each other party from time to time):

if to SFO or SFO Operations:

Address: Level 5, 570 St Kilda Road
Melbourne VIC 3004

For the attention of: Piers O'Brien, General Counsel

if to Roche or Tarquin:

Address: Level 3, 51 Stephenson Street
Cremorne VIC 3121

For the attention of: James Roche, Director

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address of the addressee, in accordance with clause 8.1(b); and
- (e) is taken to be received by the addressee:
- (i) (in the case of prepaid post) on the third day after the date of posting;
- (ii) (in the case of delivery by hand) on delivery,

but if the communication is taken to be received on a day that is not a Business Day or after 5.00 pm, it is taken to be received at 9.00 am on the next Business Day.

8.2 Amendments

This agreement may only be varied by a document signed by or on behalf of each party.

8.3 Further acts and documents

Each party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by another party to give effect to this agreement.

8.4 Consents

A consent required under this agreement from a party may be given or withheld, or may be given subject to any conditions, as that party (in its absolute discretion) thinks fit, unless this agreement expressly provides otherwise.

8.5 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior consent of each other party.

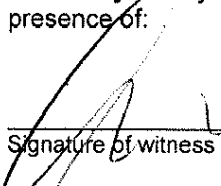
8.6 Counterparts

This agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this agreement, and all together constitute one agreement. Counterparts may be delivered via fax, email or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

CLAYTON UTZ

Executed as an agreement.

Signed for and on behalf of **Simonds Family Office Pty Ltd** by its authorised signatory in the presence of:


Signature of witness

MARISA CUCUZZA

Full name of witness

x 
Signature of authorised signatory

MARK GARY SIMONDS

Full name of authorised signatory

Signed for and on behalf of **SFO Operations Pty Ltd** ATF SFO Operations Trust by its authorised signatory in the presence of:


Signature of witness

MARISA CUCUZZA

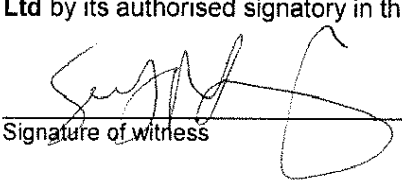
Full name of witness

x 
Signature of authorised signatory

MARK GARY SIMONDS

Full name of authorised signatory

Signed for and on behalf of **Roche Holdings Pty Ltd** by its authorised signatory in the presence of:


Signature of witness

SAM MORRISSEY

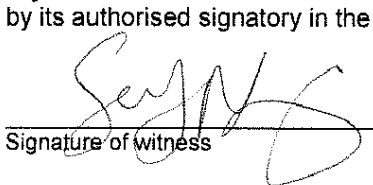
Full name of witness


Signature of authorised signatory

JAMES F ROCHE

Full name of authorised signatory

Signed for and on behalf of **Tarquin Australia Pty Ltd** ATF James Francis Roche Family Trust by its authorised signatory in the presence of:


Signature of witness

SAM MORRISSEY

Full name of witness


Signature of authorised signatory

JAMES F ROCHE

Full name of authorised signatory