

ASX ANNOUNCEMENT
SIMONDS GROUP LTD SCHEME IMPLEMENTATION AGREEMENT
TERMINATED
SCHEME MEETING FOR 29 NOVEMBER 2016 CANCELLED

Melbourne 28 November 2016: Simonds Group Ltd ("Simonds") advises that the Scheme Implementation Agreement, under which it was proposed SR Residential Pty Ltd would acquire 100% of the issued share capital of Simonds not held by the Simonds family for a cash payment of \$0.40 per Simonds share, has been terminated by mutual agreement of the parties.

The Independent Directors considered it appropriate to put the Scheme to shareholders, and recommended the Scheme in the absence of a superior proposal. The Scheme was also supported by the independent expert, KPMG, who concluded that the offer of \$0.40 per share under the Scheme was fair and reasonable and in the best interests of shareholders. However, proxy votes received by 27 November 2016 indicated that the proposal was not supported by holders of the majority of shares eligible to be voted.

As a consequence, the Scheme Implementation Agreement has been terminated and the Scheme Meeting scheduled for 29 November 2016 will not proceed.

Ms Susan Oliver, Chair of the Independent Board Committee, said:

"The Independent Directors felt compelled to bring this proposal to shareholders for their consideration. Shareholders holding the majority of shares eligible to be voted have chosen not to support the transaction and we respect their decision. We note that since announcement of the Scheme, more than half of the shares eligible to vote on the Scheme have been sold by Simonds' shareholders at a price close to, or above, the offer price of \$0.40, meaning that a number of Simonds' shareholders were afforded the opportunity to exit at a significant premium to the trading prices prior to that announcement."

ENDS

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