



4 December 2014

The Manager, Listings  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

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***Via electronic lodgement***

Dear Sir / Madam

**Shareholder Letter**

In accordance with ASX Listing Rule 3.17, please see attached communication that was sent to shareholders today.

Yours faithfully

A handwritten signature in black ink, appearing to read "Gai Stephens". The signature is stylized and cursive.

Gai Stephens  
Company Secretary  
Hills Limited

# Shareholder letter

4 December 2014



Dear fellow Shareholder,

As you would be aware, Hills has undergone a significant transformation over the last 12 months. Today we are a company focused on security, audio visual and health technologies.

We write to advise you that we have entered into a strategic partnership agreement with Woolworths Limited that relates to our home hardware and home living division.

The agreement gives Woolworths an exclusive licence to use the heritage version of the Hills heritage brand (see below\*) as it applies to its home hardware and home living range of products in Australia and overseas markets.

Under the terms of the agreement:

- Hills will grant Woolworths exclusive rights to the Hills heritage brand as it applies to certain product ranges (including clotheslines, laundry, garden and door products) for the Australian and overseas markets;
- Hills maintains ownership of its heritage brand and the intellectual property in product patents and designs including the intellectual property in the Hills Hoist clothesline;
- The licence is for a minimum period of seven years with options for renewal for four year periods at the end of each term for up to 19 years;
- Hills will receive income from the use of the brand and intellectual property by way of an annual licensing fee that has the potential to increase if product sales exceed agreed levels; and
- Products will be marketed and distributed exclusively by Woolworths.

As a result of the agreement, Hills will enjoy greater certainty of earnings and a strengthening of our profit performance. There will also be a positive impact on the balance sheet from the reduced requirement for working capital.

Woolworths is one of Australia's pre-eminent retailers with national coverage and penetration across a range of retail channels. Woolworths are the right partner to grow the brand in Australia and overseas.

This agreement will also allow Hills to focus on building our technology business, particularly our security and healthcare portfolio to achieve our stated growth ambitions. It is an exciting step forward in our strategy to be Australia's leading provider of technology solutions into government, enterprise, business and the home.

Thank you for your continued support.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Jennifer Hill-Ling".

Jennifer Hill-Ling  
Chairman

A handwritten signature in blue ink, appearing to read "Ted Pretty".

Ted Pretty  
Group Managing Director & CEO

\*Hills Heritage Brand

