

# 2011 Full Year Results Presentation

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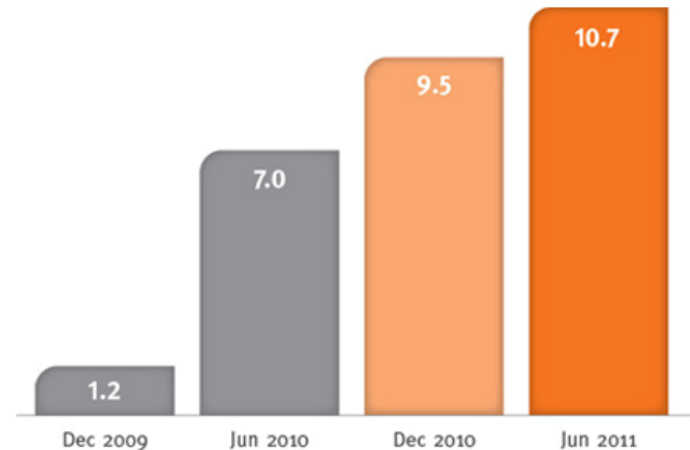
Appendix – Development Pipeline

# FY11 Performance Overview



- Net profit after tax of \$20.2 million; 147% increase on prior year
- Total revenue from operations of \$425 million (excludes \$104 million of revenue generated in association with joint ventures)
- Strong operating surplus cash flow of \$75 million
- One of Australia's largest developers of residential land with 1,626 residential lots settled
- Top 10 detached house builder in respective operating markets with 1,048 homes commenced
- Backlog replenished and growing, now 16,000 lots
- Capital efficiency maintained with low gearing level of 26%
- Final dividend of 1.0 cents per share fully franked bringing the total dividend paid for the 2010/11 year to 2.0 cents per share fully franked

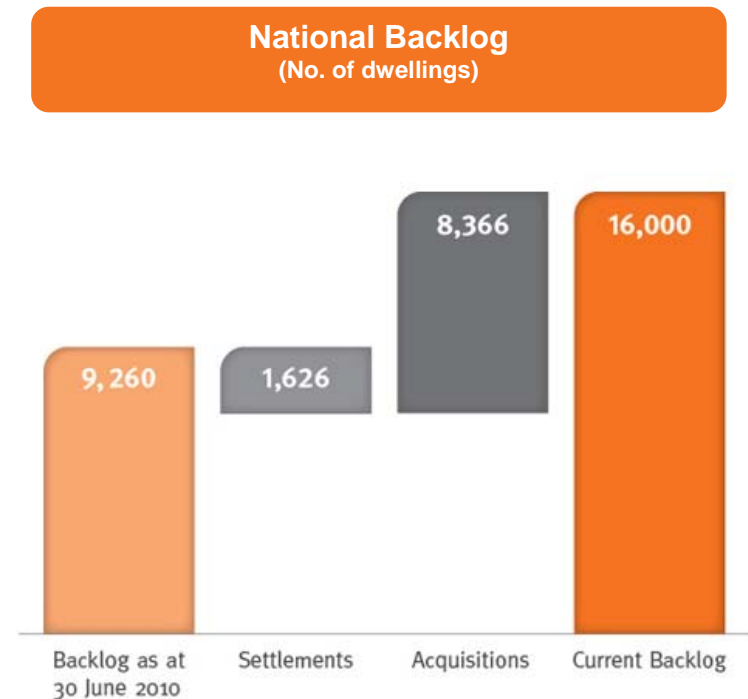
**FY11 NPAT**  
\$ millions



*Period: Six months ending*



- Growth strategy enacted, delivering:
  - 8,366 new dwelling opportunities across 10 locations;
  - Expanded geographic reach to include Gladstone and regional Victoria; and
  - Immediate realisation with 7 of 10 newly secured opportunities to be launched prior to end of FY12
- Devine brand refresh completed and gaining market recognition
- New housing product released, responding to markets' diverse needs and affordability challenges
- Hamilton Harbour sales momentum maintained enabling construction of third residential tower to commence



## 2. Financial Performance

# FY11 Financial Highlights



	2011 \$ millions	2010 \$ millions
Total Revenue	425.0	570.9
EBITDA	43.0	30.6
NPAT	20.2	8.2
Earnings Per Share	3.2 cents	1.8 cents
Total Fully Franked Dividend	2.0 cents	1.0 cents

- Strong Balance Sheet position with cash or undrawn facilities of almost \$90m and current assets exceeding current liabilities by almost \$100m
- Low gearing with high level of operating cash flow being generated
- Profitability growth from reduced revenue through margin improvement and cost control
- 50% of Construction revenue and Construction profit on Hamilton Harbour is deferred to FY12 as it is a joint venture project

## 2. Financial Performance

# Balance Sheet Summary



	As at 30 June 2011 \$ millions	As at 30 June 2010 \$ millions
Assets - Cash	21.6	20.0
- Receivables	82.9	78.3
- Inventories/Investments	478.3	452.6
- Other	5.2	8.8
<b>Total Assets</b>	<b>588.0</b>	<b>559.7</b>
Liabilities - Trade and other payables	59.8	68.9
- Interest bearing debt	133.9	109.5
- Non-interest bearing debt	34.7	35.8
- Other	15.6	9.1
<b>Total Liabilities</b>	<b>244.0</b>	<b>223.3</b>
<b>Net assets/shareholder funds</b>	<b>344.0</b>	<b>336.4</b>
Net Tangible Assets (NTA)	340.7	333.1
NTA per share	53.7 cents	52.5 cents
Gearing <sup>1</sup>	26.0%	23.2%

<sup>1</sup> Gearing is defined as (interest bearing & non-interest bearing debt – cash held) / (total assets – cash held)

## 2. Financial Performance

# FY11 Divisional Results



	2011 \$ millions	2010 \$ millions
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### Housing & Land

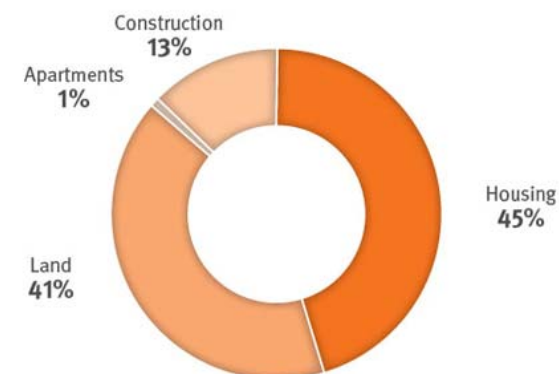
Segment Revenue	368.0	448.8
Profit Before Tax	31.3	33.6

### Apartments & Construction

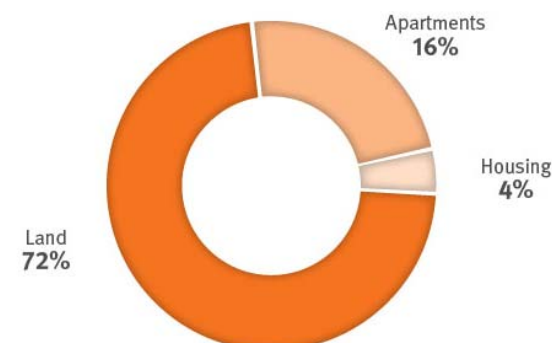
Segment Revenue	60.5	126.4
Profit Before Tax	1.2	(18.0)

- 50% of Construction revenue and Construction profit on Hamilton Harbour is deferred to FY12 as it is a joint venture project

Revenue
---------



Inventories and Property Investments
--------------------------------------



### 3. Key Achievements

## FY11 Trading & Growth



### Trading

- Launched three new projects in key growth corridors
- 1,626 lots settled as one of Australia's largest land developers
- Among the leading national volume home builders with 1,048 houses commenced
- Achieved 60% sales of the third residential tower at Hamilton Harbour, and commenced construction in August 2011
- \$108 million of construction undertaken

### Growth

- Fourth consecutive reporting period of sustained profit growth
- Secured additional 8,366 lots in capital efficient manner
- Development sites secured in high growth corridors
- Achieved scale of operations in all business units



### 3. Key Achievements

## Financial & Strategy



## Financial

- 147% increase in NPAT to \$20.2 million
- Gearing maintained at 26%, well within target range
- Debt facility extension secured to July 2013
- Improved profit margins achieved in both land and housing operations

## Strategy

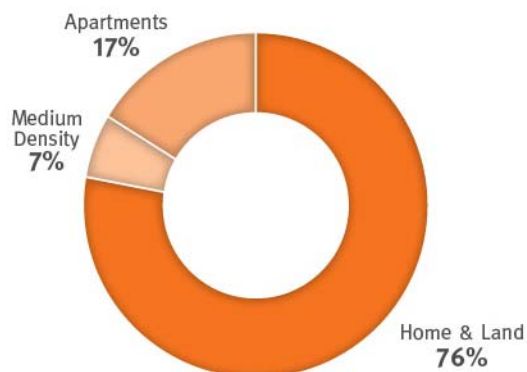
- Market positioning reinforced toward affordable and mid-priced new home market
- Defined 'residential' focus with product diversity bias
- Appealing to markets' diverse needs by geography, product and market positioning
- "Speed to market" delivery capability leveraged with in-house resources

### 3. Key Achievements

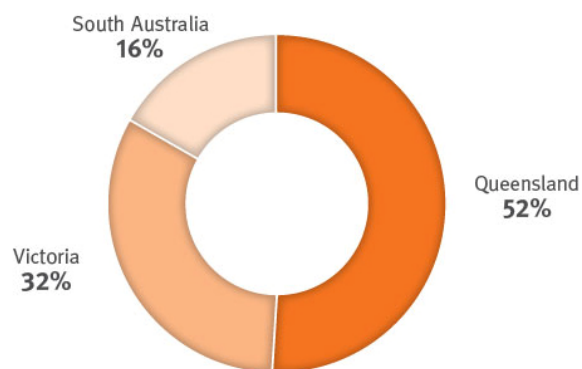
## Portfolio Summary



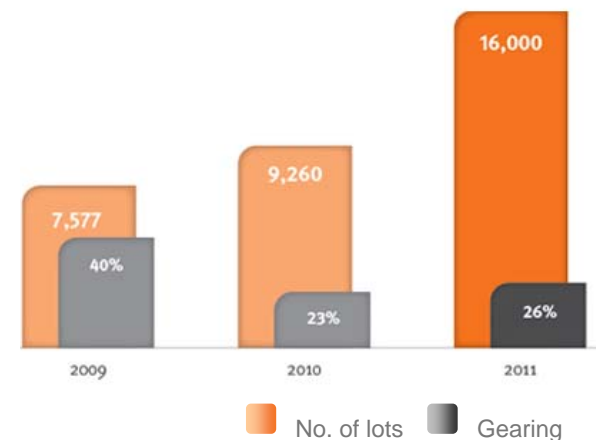
Pipeline by Product Type



Homes & Communities Pipeline by Geography



Pipeline Growth  
No. of Dwellings / Gearing (at June 30)



- Housing and Land portfolio well-diversified across existing geographies
- Secured pipeline provides significant timeline of future earnings

## 4. Business Unit Performance

# Residential Communities



- House and Land operations delivered a profit before tax of \$31.3 million on revenue of \$368 million
- Improved FY11 housing and land margins achieved of 29.0%, up from 27.5% in FY10
- National land settlements of 1,626 allotments
- Recently secured development opportunities have embedded Devine in key growth corridors
- Development approval secured on five new projects: Woodvale, Waverley, Stonehill, Mawson Green and Parks Edge
- Market and product diversity secured, with focus on affordable and mid-market segments
- New development opportunities are delivering on strategic undertaking toward large scale urban communities

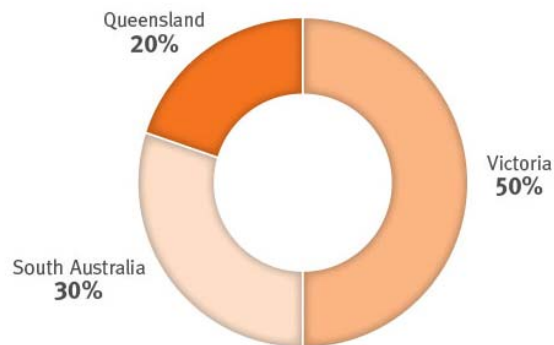
### Residential Communities to be launched in FY12

Name	State	Lots
Stonehill, Bacchus Marsh	Vic	1,500
Pennyroyal, Kurrajang	Vic	325
Wallan	Vic	870
Orleana Waters, Evanston Gardens	SA	735
The Glenn, Morphet Vale	SA	60
Mawson Green, Meadows	SA	204
Gladstone	Qld	2,900
Waverley Parks, Willow Vale	Qld	387

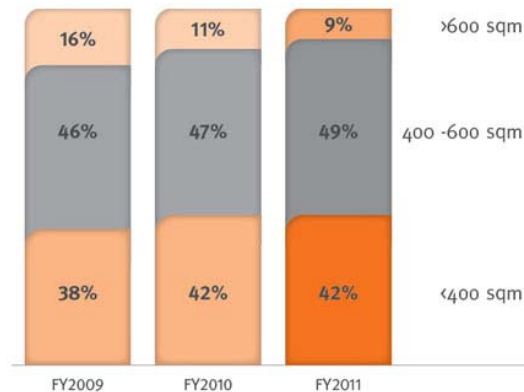
# Residential Communities - Diversity



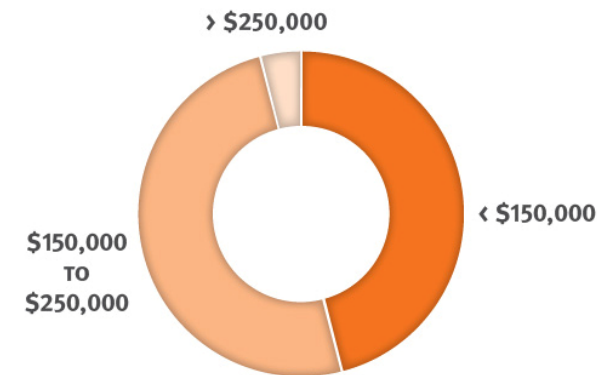
**Geographic Diversity**  
FY11 Land Settlements (by Region)



**Product Diversity**  
FY09 – FY11 Land Settlements (by Size)



**Market Diversity**  
FY11 Land Settlements (by Price)



- Devine is meeting the home affordability challenge with both innovative product solutions on smaller allotments and price sensitive options
- Devine's average lot size is 10% smaller than that of other larger land developers, providing an affordability advantage

## 4. Business Unit Performance

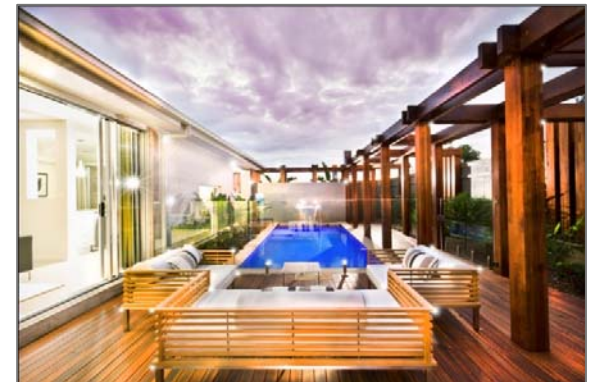
# Residential Homes



- 1,048 houses commenced, consistent with FY10 levels
- Starts achieved across geographic base:
  - 31% Victoria
  - 26% Queensland
  - 43% South Australia
- New house product range launched, winning industry awards in Queensland and Victoria
- Opening of 10 new display homes across three locations nationally bringing total homes on display to 28
- New product designs will be demonstrated in FY12 with 17 new display homes planned to open
- Benefits from integration with Residential Communities business
- Devine has strong brand, systems and track record in sector
- Moving to 'wholesale' house builds for organisations including major resource companies. Spreading retail business to broaden contract-order work



*Devine's award winning Glenelg at Mountview (Queensland)*



*New designs and displays are redefining the market's perception of Devine's homes*

## 4. Business Unit Performance

# Residential Apartments



- Continued strong sales performance
  - Harbour One - 98% sold (\$137 million in value)
  - Harbour Two – 86% sold (\$92 million in value)
  - Riverside - 60% sold (\$57 million in value)
- Construction on schedule for all three towers:
  - Tower One 78% complete
  - Tower Two 63% complete
  - Tower Three commenced
- Significant progress on mixed-use elements of Hamilton Harbour with strong retail and commercial leasing underway
- New opportunity secured; 107 apartment project in Teneriffe, Brisbane CBD fringe – launching in first half of 2012
- New project signals Devine's ability to apply high density residential capabilities to mid-scale, medium density opportunities



*Artist's impression of retail and commercial precinct at Hamilton Harbour.*



*Artist's impression of Devine's newest apartment opportunity, Teneriffe, Brisbane.*



## 4. Business Unit Performance

# Construction



- Construction on Hamilton Harbour is ahead of schedule and under budget with completion of first two towers in first half of FY12
- Hamilton Harbour Towers One and Two are both 'topped out', with fit-out complete on over 60% of apartments
- Construction delivered revenue of \$108 million
- Devine Construction awarded \$60 million contract to build 'Riverside' – the third tower at Hamilton Harbour
- Hamilton Harbour operation currently has a peak workforce of 600 workers
- Strong safety culture with no serious injuries



*Aerial photographs of Hamilton Harbour construction – July 2011*



*Hamilton Harbour site has a peak workforce of 600 workers*

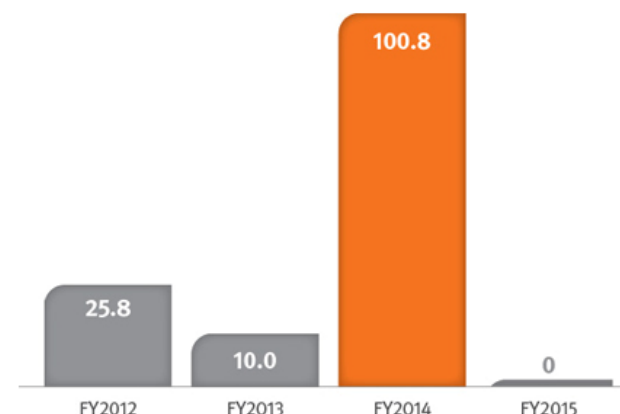
## 5. Capital Management

### Key Metrics

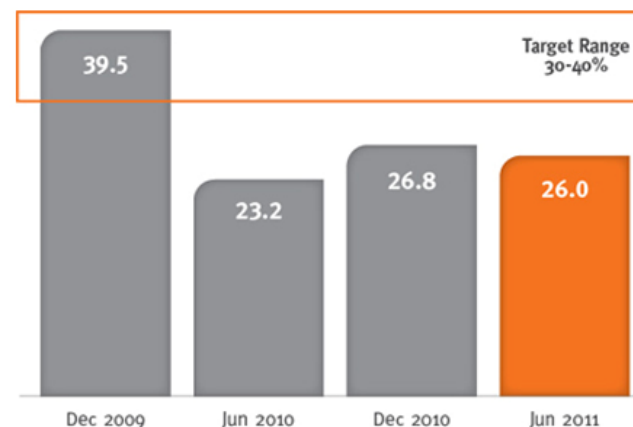


- Increase of, and extension to core banking arrangements completed
- Principal banker has increased total facilities by 15% reflecting confidence and a healthy relationship
- Reduced cost of debt despite increasing base interest rate environment including hedging protection while maintaining benefits should rates fall
- Maintained modest gearing levels and adequate reserves and undrawn facilities of \$87 million to enable further growth
- Target gearing range reduced reflecting economic uncertainty and growth profile secured with highly capital efficient models
- Operating the business to maintain healthy headroom to banking covenants

#### Debt Facility Profile \$ millions



#### Gearing<sup>1</sup>



<sup>1</sup> Gearing is defined as (interest bearing & non-interest bearing debt – cash held) / (total assets – cash held)



## Market Overview



- Long term demand forecasts remain underpinned by population growth, strong employment and undersupply
  - Low interest rate environment is considered likely to continue
  - The affordable to mid-market segment is maintaining price stability, whilst the higher end of the market has seen a decline
  - First Home Buyer market driven by affordable products and remaining government stimulus to the segment
  - Weakening consumer sentiment through much of FY11 softened the market and led to increase in households savings
  - Capital city median residential prices have remained flat at \$468,000
  - Economic fundamentals including low unemployment and solid wages growth have been offset by increasing fuel and utility costs and government policy.
  - Increasing rents driven by limited supply are maintaining investor activity in some markets
- Devine has product and geographic balance and is positioned at price points to achieve volume from active market segments.
  - Devine 'No Deposit' campaign achieving strong enquiry and early sales results.

# Market Outlook – Regional



### Victoria

### STABLISING

- Residential activity is returning to more historical levels, with the demand-supply equation normalising
- Extension of State initiated First Home Buyer stimulus likely to maintain activity until June 2012
- Devine is well positioned in Melbourne's growth corridors with affordable to mid priced product. Three (3) projects will be launched in FY12

### Queensland

### REBOUNDING

- Buyer sentiment has been subdued since the January weather events, however enquiry levels are strong since July 2011
- It is expected the Queensland Building Boost will stimulate the market, especially First Home Buyers
- Devine is well positioned to capitalise on resource sector growth with new Gladstone project

### South Australia

### STEADY

- The residential market remains flat in both volume and price growth, with some forecasters predicting an emerging oversupply however low vacancy rates suggest otherwise
- The reduction of the State Governments first home buyers boost from July 2012 is expected to drive increased activity from this segment in the lead up to its expiry

### New South Wales

### RE-EMERGING

- Planning approval delays continue to restrict the release of significant new supply to the market
- New home market in New South Wales is stable, where like other State's sentiment is strongest at the affordable market aided by the recent stamp duty concessions

# Residential Focus & Diversity of Business



## Residential Focus

- Maintain core focus on residential markets
- Diversity is strength – diversity of product, price points and geographic location
- Leverage 'in-house' capabilities to drive competitive advantage in delivering 'product in place'

## Diversity of Business

- Devine realises economies and opportunities with its residential capabilities extending across the entire sector:
  - Communities
  - Contract home building
  - Packaged homes
  - Medium density
  - High density & mixed use
  - Wholesale delivery

## Capital Management & Shareholder Base



### Capital Management

- Continue to secure growth in capital efficient methods
- Maintain gearing within target range (30% to 40%)
- Achieve capital/equity re-distribution across geographic spread

### Shareholder Base

- Strong endorsement of Devine's business model, management and performance with Leighton Holdings increasing its shareholding to 50.06%
- Change in Leighton Holdings shareholding will not impact on Devine structure or strategy
- Leighton Holdings supports Devine's growth strategy

# People & Performance and Earnings Outlook



### People & Performance

- Continue to drive 'operational excellence' culture through business
- Achieve high engagement and reduced turnover levels

### Earnings Outlook

- Directors expect the company to achieve a profit after tax that is at least consistent with the year just ended

# Operational Outlook



- Several new projects will commence trading through FY12 providing further diversity and reliability of earnings
- Contributions from all operating divisions in FY12
- FY12 settlement carry-in of 27%; within normal market trading expectations of 20%-35%
- Devine is continuing to investigate residential opportunities in new geographic markets including Canberra, NSW and regional centres
- Devine well-positioned to continue implementation of growth strategy with:
  - a strong balance sheet
  - strong operating cash flow
  - capable and motivated employees
- Directors expect the company to achieve a profit after tax that is at least consistent with the year just ended



*Devine's Sorrento 390, Arndell (Victoria)*



*Lakeside, Andrews Farm (South Australia)*



# Appendix - Development Pipeline

## Project Snapshot - Gladstone



### Gladstone Master Planned Community



Location	Approx. 14 kilometres south of Gladstone City Centre, 6.5 kilometres to Tannum Sands Beach
Size	Approx. 496 hectares
Structure	Land Management Agreement
Status	Rezoning Application (MCU) Approved August 2011
Residential Yield	2,900 residential dwellings Accounting for 40% of region's urban residential supply
Population	7,500 people at completion
Timeframe	12 to 15 year development timeframe (Forecast to commence January 2012)
Key Features	<ul style="list-style-type: none"> <li>• 3.5 kilometres of Boyne River frontage</li> <li>• 182 hectares dedicated to open space, parks, playgrounds and reserves</li> <li>• Planned local activity centre incorporating convenience retail market place, community hub and child care and medium density living solutions</li> <li>• Local Industry and Business Park</li> <li>• Proposed P-7 education campus</li> <li>• Sporting fields and civic spaces</li> </ul>
End Value	Approx. \$1.4 billion (\$530 million <sup>1</sup> )

<sup>1</sup> Land Value Only

- Devine has recently established home building operations in the region with success in securing wholesale home building starts from the resource sector
- It is expected that the Gladstone Master Planned Community will contribute to FY13 earnings

## Appendix - Development Pipeline

### Project Snapshot - Stonehill



#### Stonehill Community



Location	Bacchus Marsh, Approx. 48 kilometres west of Melbourne CBD
Size	Approx. 141 hectares
Structure	Joint Venture
Status	Rezoning Application (MCU) Approved August 2011
Residential Yield	1,500 residential dwellings
Population	3,000 people at completion
Timeframe	8 to 10 year development timeframe (Forecast to commence September 2011)
Key Features	<ul style="list-style-type: none"> <li>Hectares dedicated to open space, parks, playgrounds and reserves</li> <li>Planned local activity centre incorporating convenience retail market place, child care and medium density living solutions</li> <li>Proposed school and community centre</li> <li>Sporting fields and civic spaces</li> <li>Minutes to express commuter rail station</li> <li>Easy access to established schools, retail, healthcare services in Bacchus Marsh</li> </ul>
End Value	Approx. \$800 million (\$251 million <sup>1</sup> )

<sup>1</sup> Land Value Only

- Devine received the necessary planning approvals to progress the Stonehill Community in August 2011
- It is expected that Stonehill will commence sales in September 2011 and contribute to FY12 earnings



# Appendix - Development Pipeline

## Pipeline Summary



### Homes & Communities



Projects	25
Lots Remaining	13,250
Development Timeframe	13 years
End Value <sup>1</sup>	\$2.3 billion

<sup>1</sup> Land Value Only

### Medium Density



Projects	16
Dwellings Remaining	1,110
Development Timeframe	15 years
End Value <sup>2</sup>	\$356 million

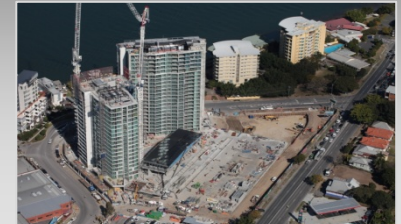
<sup>2</sup> Completed Dwelling Value

### Apartments



Projects	9
Apartments Remaining	2,750
Development Timeframe	8 years
End Value	\$1.1 billion

### Constructions



Projects	3
Development Timeframe	1.5 years
Contract Value	\$230 million

# Appendix - Development Pipeline

## Pipeline Analysis – Home & Land



REGION	COMMUNITY NAME	LOCATION	BACKLOG JUNE '11	STATUS	PROJECT LIFECYCLE			
RESIDENTIAL COMMUNITIES					2012	2013	2014	2015+
QUEENSLAND	Alberi Park	Southern Corridor	50	Now Selling	<div></div>	<div></div>		
	Arcadia Woods	Southern Corridor	71	Now Selling	<div></div>	<div></div>		
	Gladstone (Unnamed)	Gladstone South	2,900	Launch FY12	<div></div>	<div></div>	<div></div>	<div></div>
	Mountview	Western Corridor	959	Now Selling	<div></div>	<div></div>	<div></div>	<div></div>
	Riverparks	Townsville	708	Now Selling	<div></div>	<div></div>	<div></div>	<div></div>
	Sandstone Lakes	Northern Corridor	403	Now Selling	<div></div>	<div></div>	<div></div>	<div></div>
	Waverley Parks	Southern Corridor	387	Launch FY12	<div></div>	<div></div>	<div></div>	<div></div>
	Western Lands, Redbank	Western Corridor	1,069	Planning		<div></div>	<div></div>	<div></div>
	Woodvale	Northern Corridor	245	Now Selling	<div></div>	<div></div>	<div></div>	
	Sundry	Various	14	Now Selling	<div></div>			
VICTORIA	Arndell	Western Corridor	25	Now Selling	<div></div>			
	Eden Brook	South-East Corridor	381	Now Selling	<div></div>	<div></div>	<div></div>	
	Pennyroyal	North-West Corridor	325	Launch FY12	<div></div>	<div></div>	<div></div>	<div></div>
	Pakenham Lands (Unnamed)	South-East Corridor	517	Planning		<div></div>	<div></div>	<div></div>
	Parks Edge	Southern Corridor	548	Now Selling	<div></div>	<div></div>	<div></div>	
	Riverina	North-West Corridor	22	Now Selling	<div></div>			
	Stonehill	Regional North-West	1,500	Launch FY12	<div></div>	<div></div>	<div></div>	<div></div>
	Wallan Site (Unnamed)	Regional North	871	Launch FY12	<div></div>	<div></div>	<div></div>	<div></div>
	Sundry (Central Park, Moorookyle)	North-West Corridor	7	Now Selling	<div></div>			
SOUTH AUSTRALA	Evanston Gardens (Unnamed)	Northern Corridor	735	Launch FY12	<div></div>	<div></div>	<div></div>	<div></div>
	Lakeside	Northern Corridor	316	Now Selling	<div></div>			
	Mawson Green at Meadows	Adelaide Hills	204	Launch FY12	<div></div>	<div></div>	<div></div>	
	Munno Parra Downs (Unnamed)	Northern Corridor	645	Planning		<div></div>	<div></div>	<div></div>
	The Glenn, Morphet Vale	Southern Corridor	55	Launch FY12	<div></div>	<div></div>		
	The Summit	Adelaide Hills, SA	73	Now Selling	<div></div>			
	Sundry	Various	114	Now Selling	<div></div>			

# Appendix - Development Pipeline

## Pipeline Analysis – Apartments



REGION	PROJECT NAME	LOCATION	BACKLOG JUNE '11	STATUS	PROJECT LIFECYCLE			
APARTMENTS & MIXED USE					2012	2013	2014	2015+
QUEENSLAND	Camelot	Brisbane CBD	420 / 1,587sqm	Planning	■	■	■	■
	Commercial Road (Teneriffe)	Brisbane CBD Fringe	107 / 475sqm	Launch FY12	■	■	■	
	Hamilton Harbour One	Brisbane City - North	258 / 556sqm	Under Construction	■	■		
	Hamilton Harbour Two	Brisbane City - North	212 / 267sqm	Under Construction	■	■		
	Hamilton Harbour Three, Riverside	Brisbane City - North	191 / 1,115sqm	Under Construction	■	■	■	
	KSD One, Hamilton Harbour	Brisbane City - North	8,500sqm	Now Selling	■	■	■	
	KSD Two, Hamilton Harbour	Brisbane City - North	12,500sqm	Now Selling	■	■	■	■
	Southbank Townsville	Townsville	1,200 / 18,500sqm	Planning	■	■	■	■
	111 Margaret Street	Brisbane CBD	360	Planning	■	■	■	■
QUEENSLAND & VICTORIA	Non-Residential Commercial Sites	Various	> 20,000sqm	Now Selling	■	■	■	■

■ Completion   ■ Trading   ■ Start Up

# 2011 Full Year Results Presentation

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