

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Watpac Limited

ABN

98 010 562 562

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 450,000 performance rights under the Watpac Limited (Watpac or Company) 2017 Long Term Incentive (LTI) and Performance Rights Plan (PRP). |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Refer to the annexure to this announcement, as well as the terms described throughout. |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No. Performance rights are not quoted securities and do not rank equally with ordinary shares or any other class of quoted securities. Performance Rights do not confer a right to vote, a right to receive dividends or any other rights of a shareholder. Any ordinary share issued or transferred to the holder of a Performance Right upon vesting will rank equally from the date of allotment with ordinary shares.
5 Issue price or consideration	The Managing Director (Participant) was not required to pay for the grant of performance rights and for each performance right that vests, the Participant will be entitled to receive one share in the company without payment.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Performance rights were granted to the Participant under the Watpac 2017 LTI and PRP following receipt of Watpac Shareholder approval the Company's 2017 Annual General Meeting. The purpose of the performance rights is to link a component of the Participant's remuneration to Company performance and as a retention strategy for this key employee.
6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No
6b The date the security holder resolution under rule 7.1A was passed	N/A

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	Performance rights were granted on 23 October 2017.

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		183,386,244	Fully paid ordinary shares.

⁺ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	1,060,000	LTI Performance Rights issued on 20 August 2015 under the Watpac 2015 LTI and PRP.
	450,000	LTI Performance Rights issued on 24 November 2015 under the Watpac 2015 LTI and PRP.
	1,410,000	LTI Performance Rights issued on 25 August 2016 under the Watpac 2016 LTI and PRP.
	107,538	STI Performance Rights issued on 25 August 2016 under the Watpac FY16 STI and PRP.
	450,000	LTI Performance Rights issued on 28 October 2016 under the Watpac 2016 LTI and PRP.
	1,655,000	LTI Performance Rights issued on 20 September 2017 under the Watpac 2017 LTI and PRP.
	450,000	LTI Performance Rights issued on 23 October 2017 under the Watpac 2017 LTI and PRP
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Performance rights do not confer a right to receive dividends.

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A

+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☐ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A				
39	+Class of +securities for which quotation is sought	N/A				
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A				
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A				
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Number</th> <th style="width: 50%; text-align: center;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; vertical-align: top;">N/A</td> <td></td> </tr> </tbody> </table>	Number	+Class	N/A	
Number	+Class					
N/A						

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX
may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
- Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:
(Company secretary)

Date: 23 October 2017

Print name: Mark Baker

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	N/A
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	N/A
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	N/A
“A”	N/A

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	N/A
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	N/A N/A N/A
“C”	N/A
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	N/A
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	N/A
Total [“A” x 0.15] – “C”	N/A

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	N/A
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	N/A
“E”	N/A

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	N/A
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	N/A
Total [“A” x 0.10] – “E”	N/A

+ See chapter 19 for defined terms.

Annexure to Appendix 3B – New issue announcement

Watpac Limited ABN 98 010 562 562 (**Company**)

Principle terms of the Watpac Limited Performance Rights Plan (**Plan**)

Summary of the key terms of the Plan	
Plan overview	The board of directors of the Company (Board) may, from time to time at its absolute discretion, grant Performance Rights to any employee of the Company or any of its related bodies corporate that the Board determines is eligible to participate in the Plan (Eligible Participants). A Performance Right confers on its holder the right to be issued a specified number of ordinary shares in the Company (Shares) subject to the fulfilment of all performance hurdles and other conditions (Vesting Conditions) and the payment of an exercise price (if any). Unless the Board otherwise determines, no payment is required for a grant of Performance Rights.
2017 Performance Rights	The Performance Rights issued on 23 October 2017 (the 2017 Performance Rights) automatically vest and exercise for nil consideration on satisfaction of the Vesting Conditions. The Vesting Conditions for the 2017 Performance Rights are: - the holder being employed by the Company or any of its related bodies corporate on the vesting determination date (being no more than 4 weeks after the release of the Company's audited financial report for financial year ending 30 June 2020); and - the Company having achieved the earnings per share (EPS) target or a total shareholder return (TSR) target (as applicable) over the three year period ending on 30 June 2020. The Company's EPS is measured on an absolute basis against compound annual growth rate targets set by the Board. The Company's TSR performance will be measured relative to both a group of companies determined by the Board as an appropriate comparator group for the Company at the date of grant (subject to adjustment as deemed appropriate) and the ASX Small Ordinaries Index. The EPS target will apply to 50% of the Performance Rights issued to a holder and the TSR target will apply to the other 50% of the Performance Rights issued to a holder (divided equally between performance against the TSR comparator group and the ASX Small Ordinaries Index). A portion of the 2017 Performance Rights may vest if the Company achieves the minimum EPS target or relative TSR target (as applicable) but does not achieve the relevant upper targets. Further details will be included in the Company's 2018 Financial Report.

+ See chapter 19 for defined terms.

Lapse of Performance Rights	If the holder of Performance Rights dies, is made redundant or retires (including due to illness), unless the Board determines otherwise to settle the amount in cash (at its discretion), a pro-rata proportion of the holder's Performance Rights (based on the time the holder was actively employed since the grant of the Performance Rights relative the relevant performance period) will continue to be subject to the Plan. The remaining Performance Rights held by that holder will lapse. If the holder of Performance Rights ceases employment with the Company or any of its related bodies corporate for any other reason, unless the Board determines otherwise, the Performance Rights automatically lapse. If any applicable Vesting Condition is not met, the Performance Rights automatically lapse.
No shareholder rights	Performance Rights do not confer a right to receive a dividend, to vote or any other shareholder rights. Any Share issued or transferred to an Eligible Participant upon exercise of a Performance Right will rank equally from the date of allotment with other Shares.
Transfer	A Performance Right granted under the Plan is not transferable other than with the prior written consent of the Board.
Change of control and corporate events	If a change of control has occurred, the Board may determine that all or a portion of the unvested Performance Rights automatically vest and automatically exercise. This determination may be made by the Board at any time prior to, but conditional upon, the change of control occurring. If the Company undertakes a bonus issue, rights issue or any other reconstruction, the terms of the Performance Rights will be adjusted consistent with the manner provided for by the Listing Rules.
Amendments	Subject to the Listing Rules, the Board may amend the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan, including Vesting Conditions, but, subject to certain exceptions, may not do so in a way which reduces the rights of Eligible Participants' existing rights without their consent.

+ See chapter 19 for defined terms.