

28 June 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir or Madam

Target's Statement - Off-market takeover bid by CIMIC Residential Investments Pty Ltd for Devine Limited

We refer to the replacement bidder's statement issued by CIMIC Residential Investments Pty Ltd (**CRI**), a wholly owned subsidiary of CIMIC Group Limited (ASX:CIM) (**CIMIC**), dated 8 June 2021 in relation to CIMIC's off-market takeover bid for all of the ordinary shares in Devine Limited (ASX:DVN) (**Devine**) that it does not already own.

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth) (**Act**), we enclose a copy of Devine's target's statement dated 28 June 2021 (**Target's Statement**).

A copy of the Target's Statement was lodged with the Australian Securities and Investments Commission and served on CRI today pursuant to items 13 and 11 of section 633(1) of the Act.

Yours faithfully

James Mackay, Company Secretary
Devine Limited

ENDS

Issued by Devine Limited ABN 51 010 769 365 www.devinegroup.com.au
Authorised by the Devine Limited Board

Contact

Mr James Mackay, Company Secretary T +61 7 3608 6361



Devine
GROUP

This is an important document and requires your immediate attention.

If you are in doubt as to what you should do, you should consult your legal,
tax, financial or other professional adviser as soon as possible.

TARGET'S STATEMENT

The directors of Devine unanimously recommend that you **ACCEPT** the Offer made by CRI in the absence of a superior proposal.

In considering this recommendation you should note that none of the directors of Devine are independent of CIMIC.

The Independent Expert has concluded that the Offer is fair and reasonable for Non-Associated Devine Shareholders.

This Target's Statement has been issued by Devine Limited (ABN 51 010 769 365) ("**Devine**") in response to the takeover bid made by CIMIC Residential Investments Pty Limited (ABN 97 124 839 069) ("**CRI**"), a wholly owned subsidiary of CIMIC Group Limited (ABN 57 004 482 982) (together for the purposes of this Target's Statement, "**CIMIC**").

Devine Shareholder Information Line

Devine has established a Shareholder Information Line which Devine Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

- > 1300 128 974 (within Australia); or
- > +61 3 9415 4310 (outside Australia),

and is available Monday to Friday between 8.30am and 5.00pm (AEST).

Financial Adviser

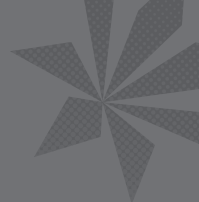
Legal Adviser



ashurst

KEY DATES

Announcement of the Offer	25 May 2021
Date of Bidder's Statement	8 June 2021
Date of the Offer and commencement of Offer Period	15 June 2021
Date of this Target's Statement	28 June 2021
Close of Offer Period (unless extended or withdrawn)	7.00pm (AEST) on 15 July 2021



CONTENTS

1. DEVINE'S GOVERNANCE ARRANGEMENTS	6
1.1 Directors of Devine	6
1.2 Directors' Protocol in relation to the Offer	6
2. DIRECTORS' RECOMMENDATION AND REASONS TO ACCEPT OR REJECT THE OFFER	7
2.1 Directors' Recommendation	7
2.2 Reasons to accept the Offer	8
2.3 Reasons to reject the Offer	12
2.4 Other considerations	14
3. FREQUENTLY ASKED QUESTIONS	15
4. YOUR CHOICES AS A NON-ASSOCIATED DEVINE SHAREHOLDER	20
5. INFORMATION ABOUT CIMIC, THE OFFER AND OTHER IMPORTANT ISSUES	21
5.1 Profile of CIMIC and history of relationship with Devine	21
5.2 Summary of the Offer	22
5.3 Condition to the Offer	22
5.4 Offer Period	22
5.5 Extension of the Offer Period	22
5.6 Withdrawal of the Offer	22
5.7 Effect of acceptance	23
5.8 Lapse of the Offer	23
5.9 Superior proposal	23
5.10 Compulsory acquisition	24
5.11 CIMIC's intentions following conclusion of the Offer	25
5.12 Consequences of CIMIC acquiring less than 90% of all the Devine Shares on issue	26
5.13 ASX delisting	26
5.14 Impact on Devine's financing arrangements and CIMIC's support for Devine	27
5.15 Impact on Devine's material contracts	28
5.16 Payment	28
6. INFORMATION IN RELATION TO DEVINE	29
6.1 Devine Group profile	29
6.2 Risk factors associated with the Devine business	34
7. TAXATION INFORMATION	40
7.1 Overview	40
7.2 Capital gain or loss on disposal	41
7.3 Foreign resident CGT withholding	42
7.4 Stamp duty and GST	42
8. ADDITIONAL INFORMATION	43
8.1 Other material information	43
8.2 Issued shares	43
8.3 Substantial shareholders	43
8.4 Latest financial results and change of financial position	44
8.5 Recent ASX disclosures by Devine	44
8.6 Interests of Directors	44
8.7 Material litigation	45
8.8 Impact of the Offer on employee arrangements	45
8.9 Consents	45
8.10 Reliance on ASIC Class Orders	46
8.11 Miscellaneous	46
8.12 Continuous disclosure	46
8.13 Regulatory approval	47
8.14 Date of Target's Statement	47
8.15 Approval of Target's Statement	47
9. GLOSSARY	48
9.1 Definitions	48
9.2 Interpretation	49
ANNEXURE	50
A Independent Expert's Report	50
B ASX Announcements	51

IMPORTANT NOTICES

Nature of this document

This target's statement ("**Target's Statement**") dated 28 June 2021 is issued by Devine under Part 6.5 Division 3 of the Corporations Act in response to the Offer made pursuant to the replacement bidder's statement dated 8 June 2021, which replaced the original bidder's statement dated 31 May 2021, and was served by CIMIC Residential Investments Pty Ltd ("**CRI**"), a wholly owned subsidiary of CIMIC Group Limited (together for the purposes of this Target's Statement, "**CIMIC**"). This document should be read in its entirety. References to the Bidder's Statement in this document are to the replacement bidder's statement dated 8 June 2021.

Defined terms

A number of defined terms are used in this Target's Statement. These terms have the meaning given in the glossary in Section 9. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each Devine Shareholder. You may wish to seek independent legal, financial, tax or other professional advice before making a decision whether or not to accept the Offer for your Devine Shares.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the residential property industry as well as general economic conditions, conditions in the financial markets and regulatory changes, many of which are outside the control of Devine. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Devine, any of its officers or employees, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the ASX Listing Rules, Devine does not undertake to update or revise these forward looking statements, whether as a result of new information, future events or otherwise.

Disclaimer as to CIMIC information

The information on CIMIC contained in this Target's Statement has been prepared by Devine using publicly available information. The information in this Target's Statement concerning CIMIC, including CIMIC's assets and liabilities, financial position, funding and performance, profits and losses and prospects and information about its related parties, has not been independently verified by Devine. Accordingly, Devine does not, subject to the Corporations Act and general law, make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

ASIC and ASX disclaimer

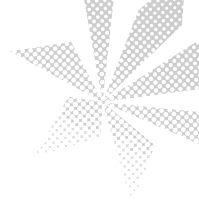
A copy of this Target's Statement has been lodged with ASIC and sent to ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

No investment advice

Other than the Independent Expert's Report, the information contained in this Target's Statement does not constitute financial product advice. In preparing this Target's Statement, Devine has not taken into account the investment objectives, financial or tax situation or particular needs of individual Devine Shareholders. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your legal, financial, tax or other professional adviser regarding your particular circumstances and the Offer or if you are in doubt as to the contents of this Target's Statement.

Not an offer

This Target's Statement does not constitute or contain an offer to Devine Shareholders, or a solicitation of an offer from Devine Shareholders, in any jurisdiction.



Notice to foreign shareholders

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in those jurisdictions and persons who come into possession of it should seek advice and observe any restrictions. Any failure to comply with those restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared solely in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy statement

Devine has collected your information from the register of Devine Shareholders for the purposes of providing you with this Target's Statement. The type of information Devine has collected about you includes your name, contact details and information about your security holding in Devine (including the names of persons appointed to act as proxy, attorney or corporate representative). Without this information, Devine would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of Devine Shareholders to be held in a public register.

Your information may be disclosed on a confidential basis to Devine's related bodies corporate and external service providers (such as Devine's Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC and ASX.

If you would like details of information about you held by Devine, please contact Devine's Share Registry. Devine's privacy policy is available on Devine's website at www.devine.com.au.

Diagrams

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document.

Rounding

All numbers are rounded unless otherwise indicated. Accordingly, the actual calculation of these numbers may differ from the numbers set out in this Target's Statement.

Devine Shareholder Information Line

Devine has established a Shareholder Information Line which Devine Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

- > 1300 128 974 (within Australia); or
- > +61 3 9415 4310 (outside Australia),

and is available from Monday to Friday between 8.30am and 5.00pm (AEST).

LETTER FROM THE CHAIRMAN

28 June 2021

Dear Devine Shareholder,

You should have recently received a Bidder's Statement from CIMIC Residential Investments Pty Limited (ABN 97 124 839 069) ("**CRI**"), a wholly owned subsidiary of CIMIC Group Limited (ABN 57 004 482 982) (together for the purposes of this Target's Statement, "**CIMIC**") in relation to its offer to acquire all of the ordinary shares of Devine Limited ("**Devine**") that it does not already own for \$0.24 in cash per ordinary share ("**Devine Share**") ("**Offer**").

The Offer is subject to a 'minimum acceptance' condition that at the end of the Offer Period, CRI has:

- > received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares; and
- > a relevant interest in at least 90% (by number) of Devine Shares on issue.

CIMIC currently has a relevant interest in 59.11% of Devine Shares on issue (the "**CIMIC Shareholding**"). The CIMIC Shareholding follows a series of transactions over the last 14 years. Specifically:

- > in 2007, Leighton Holdings Limited (as CIMIC Group Limited was then called) acquired a 40% interest in Devine, in a transaction approved by Devine Shareholders;
- > by June 2011, through a series of share purchases, Leighton Holdings Limited's interest in Devine had increased to slightly above 50%; and
- > in November 2015, CIMIC, which at that stage had a relevant interest in 50.63% of Devine, made an off-market takeover offer to acquire all Devine Shares it did not own for \$0.75 per Devine Share. Acceptances under this Prior CIMIC Takeover Offer resulted in an increase in the CIMIC Shareholding to the current level of 59.11% of Devine Shares.

In addition to having a majority shareholding in Devine, CIMIC has:

- > through its representatives, reconstituted the Devine Board and replaced senior management of Devine;
- > at most times since 2013, provided Devine with financial support in relation to Devine's debt finance arrangements; and
- > since 2016, provided various forms of financial and operational support to Devine.

This background is provided to Devine Shareholders as context for the Offer which in effect, and subject to satisfaction or waiver of the Minimum Acceptance Condition, is a proposal by Devine's majority shareholder to provide liquidity to the minority interests at a material premium to Devine's trading price on 24 May 2021, being the last trading day before the date that CIMIC announced its intention to make the Offer¹. The Offer is, however, at a material discount to Devine's NTA per Devine Share.²

Devine Shareholders should also be aware that no Director considers himself to be independent for the purposes of the Offer because:

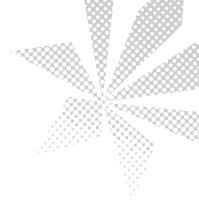
- > David Robinson is a director of CIMIC;
- > George Sassine is Executive General Manager – Investments and Group Property of CIMIC, which includes responsibility at CIMIC for the two joint ventures that CIMIC has with Devine; and
- > James Mackay's previous roles include senior positions in controlling, accounting, and risk with CIMIC, and when he receives a bonus as a Devine officer, it is paid by CIMIC (last received in April 2021). Further, proximate to the time that Mr Mackay commenced as Chief Financial Officer of Devine, CIMIC committed to Mr Mackay that in the event that role became redundant, he would be offered a role within the CIMIC Group and on the basis that continuity of service will apply from the time he first commenced employment in the CIMIC Group (and made analogous commitments to him in relation to his employee entitlements).

The Directors have, acting in the best interests of Devine Shareholders, sought to establish arrangements that would assist to evaluate and respond to the Offer, including:

- > implementing a protocol to manage the actual or potential conflicts of interests and duties that may arise in connection with the Offer. See Section 1.2 of this Target's Statement for further details of this protocol;

¹ Being a 100% premium.

² Being a 40% discount to NTA of \$0.40 as at 31 March 2021.



- > engaging PricewaterhouseCoopers Securities Limited (the “**Independent Expert**”) to prepare a report on whether the Offer is fair and reasonable to Non-Associated Devine Shareholders; and
- > appointing E&P Corporate Advisory Pty Limited as financial adviser and Ashurst as legal adviser, to assist in reviewing the Offer.

Further details regarding Devine’s governance arrangements are set out in Section 1 of this Target’s Statement.

After careful consideration and having regard to multiple factors, the Directors unanimously recommend that Non-Associated Devine Shareholders accept the Offer, in the absence of a superior proposal.

The key reasons for this recommendation are:

- > the conclusion of the Independent Expert that the Offer is fair and reasonable;
- > the Offer provides an opportunity for Non-Associated Devine Shareholders to access liquidity at a material premium to recent trading prices of Devine Shares;
- > no competing proposal has emerged and the Directors’ assessment is that it is unlikely a superior proposal will emerge during the Offer Period;
- > the Devine Share price may fall below the Offer Price if the Offer is not successful and in the absence of a superior proposal; and
- > the prospects for, and risks applicable to, Devine in the event the Offer is not successful including the risks of retaining a minority investment in Devine.

In considering whether or not to accept the Offer, including the weight to be given to this recommendation of the Directors which is included throughout this Target’s Statement, Non-Associated Devine Shareholders should have regard to the relationship that each of the Directors have with CIMIC and that no Director considers himself independent of CIMIC. As a consequence, each Director has had significant regard to the conclusion of the Independent Expert in making his recommendation.

Additional factors that Non-Associated Devine Shareholders should take into account in considering whether or not to accept the Offer are set out in Section 2 of this Target’s Statement. This includes, in Section 2.3, reasons why you may choose to not accept the Offer. You should review Section 2 and the entire Target’s Statement in full, together with seeking independent advice.

The Independent Expert has assessed the fair value of a Devine Share to be within the range of \$0.21 to \$0.27. The Offer Price of \$0.24 per Devine Share is within this range. The Independent Expert has therefore concluded that the Offer is fair and reasonable.

The Directors encourage you to read the Independent Expert’s Report which is included in this Target’s Statement as Annexure A.

The Offer is open until 7.00pm (AEST) on 15 July 2021 unless extended or withdrawn. To accept the Offer, follow the instructions set out in section 1.2 of the Bidder’s Statement. No action is required if you decide not to accept the Offer.

If you have any enquiries in relation to this document or your shareholding in Devine, please do not hesitate to call the Shareholder Information Line on 1300 128 974 (within Australia) or +61 3 9415 4310 (outside Australia) which is available from Monday to Friday between 8.30am and 5.00pm (AEST).

The Directors will update Devine Shareholders with any material developments in relation to the Offer through further ASX announcements or other supplementary documents.

Yours faithfully

David Robinson
Chairman

TARGET'S STATEMENT

1. DEVINE'S GOVERNANCE ARRANGEMENTS

1.1 Directors of Devine

The Directors of Devine as at the date of this Target's Statement are David Robinson, George Sassine and James Mackay. Each of the Directors has a relationship with CIMIC and no Director considers himself to be independent for the purposes of the Offer. Specifically:

- > David Robinson is a director of CIMIC;
- > George Sassine is Executive General Manager – Investments and Group Property of CIMIC, which includes responsibility at CIMIC for the two joint ventures that CIMIC has with Devine; and
- > James Mackay's previous roles include senior positions in controlling, accounting, and risk with CIMIC, and when he receives a bonus as a Devine officer, it is paid by CIMIC (last received in April 2021). Further, proximate to the time that Mr Mackay commenced as Chief Financial Officer of Devine, CIMIC committed to Mr Mackay that in the event that role became redundant, Mr Mackay would be offered a role within the CIMIC Group and on the basis that continuity of service will apply from the time he first commenced employment in the CIMIC Group (and made analogous commitments to him in relation to his employee entitlements).

Further, in relation to David Robinson's status as a director of CIMIC and George Sassine's status as an executive of CIMIC:

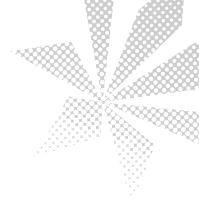
- > David Robinson absented himself from all CIMIC Board meetings involving the Offer and has not participated in any discussions or meetings of CIMIC or CRI with respect to the Offer; and
- > George Sassine has not had any participation in the decisions or meetings of CIMIC or CRI with respect to the Offer.

1.2 Directors' Protocol in relation to the Offer

Having regard to the relationship between each of the Directors and CIMIC, when the Offer was made, the Devine Board considered it prudent to implement a protocol to manage the actual or potential conflicts of interests and duties that may arise in connection with the Offer.

In particular, this Directors' Protocol recorded the following arrangements:

- > prior to announcement of the Offer, CIMIC itself entered into an information barrier protocol which provides that, amongst other things, David Robinson and George Sassine must not be involved in or participate in the Offer on behalf of CIMIC;
- > CIMIC has confirmed to Devine that it expects that the Directors of Devine must have regard to Devine Shareholders as a whole, and understands that the Directors of Devine will give particular consideration to the interests of Non-Associated Devine Shareholders when responding to the Offer;
- > CIMIC has confirmed to Devine that it will not take any action to prevent the Directors of Devine discharging their duties to all Devine Shareholders; and
- > CIMIC has confirmed to Devine that it will not pursue the Directors of Devine in relation to any obligation, liability or duty to CIMIC that they may have to the extent they arise in relation to their consideration of, or response to, the Offer that are taken in good faith in the reasonable belief that they are required in order to discharge directors' duties.



2. DIRECTORS' RECOMMENDATION AND REASONS TO ACCEPT OR REJECT THE OFFER

2.1 Directors' Recommendation

As further described in Section 1, no Director of Devine considers himself independent of CIMIC.

After careful consideration and having regard to multiple factors, the Directors unanimously recommend that Non-Associated Devine Shareholders accept the Offer, in the absence of a superior proposal.

The key reasons for this recommendation are:

- > the conclusion of the Independent Expert that the Offer is fair and reasonable;
- > the Offer provides an opportunity for Non-Associated Devine Shareholders to access liquidity at a material premium to recent trading prices of Devine Shares;
- > no competing proposal has emerged and the Directors' assessment is that it is unlikely a superior proposal will emerge during the Offer Period;
- > the Devine Share price may fall below the Offer Price if the Offer is not successful and in the absence of a superior proposal; and
- > the prospects for, and risks applicable to, Devine in the event the Offer is not successful including the risks of retaining a minority investment in Devine.

In considering whether or not to accept the Offer, including the weight to be given to this recommendation of the Directors which is included throughout this Target's Statement, Non-Associated Devine Shareholders should have regard to the relationship that each of the Directors have with CIMIC and that no Director considers himself independent of CIMIC. As a consequence, each Director has had significant regard to the conclusion of the Independent Expert in making his recommendation.

Additional factors that Non-Associated Devine Shareholders should take into account in considering whether or not to accept the Offer are set out in this Section 2 of this Target's Statement. This includes, in Section 2.3, reasons why you may choose to not accept the Offer. You should review this Section 2 and the entire Target's Statement in full, including the Independent Expert's Report in Annexure A. Non-Associated Devine Shareholders should also seek professional advice on their particular circumstances, as appropriate.

TARGET'S STATEMENT

2 DIRECTORS' RECOMMENDATION AND REASONS TO ACCEPT OR REJECT THE OFFER (CONTINUED)

2.2 Reasons to accept the Offer

Some possible reasons why Non-Associated Devine Shareholders may choose to accept the Offer include:

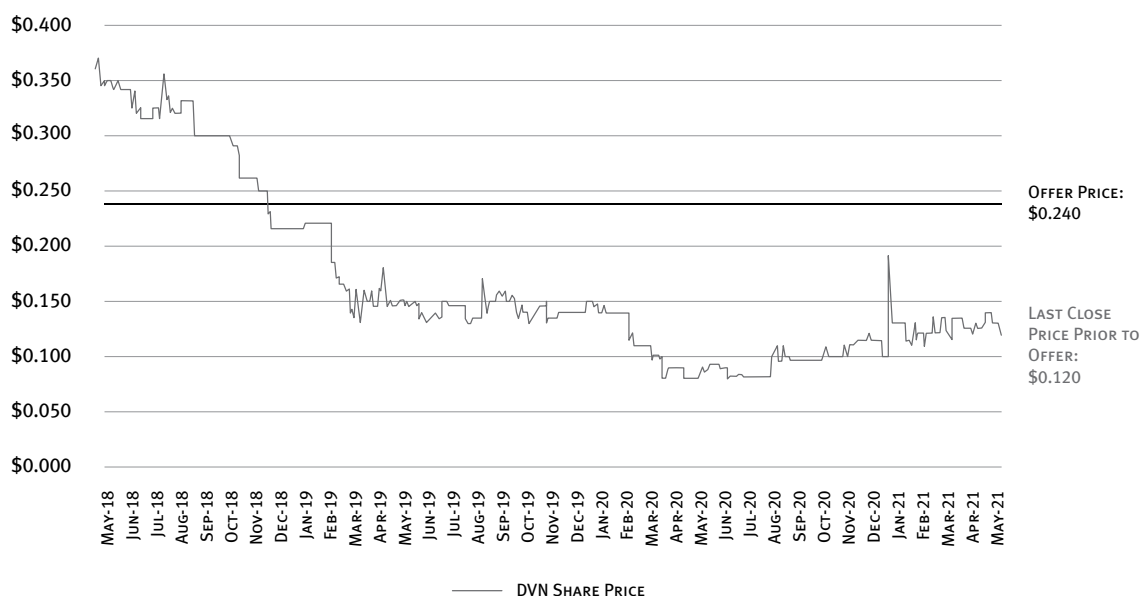
a. Premium to recent trading prices of Devine Shares

The Offer Price of \$0.24 per Devine Share represents the following premia for trading periods up to and including 24 May 2021, being the last trading day before the Announcement Date:

	ASX price / VWAP	Premium
Premium over the Last Close Price on 24 May 2021 ³	\$0.120	100.0%
Premium over the 1 month VWAP ⁴	\$0.128	87.7%
Premium over the 3 month VWAP ⁵	\$0.130	84.0%
Premium over the 12 month VWAP ⁶	\$0.118	103.3%
Premium over the 24 month VWAP ⁷	\$0.129	86.1%

Accordingly, the Offer Price provides you with an opportunity to realise your investment in Devine at a material premium to recent trading prices.

Figure 1: Devine historical share price and VWAPs



Source: **Bloomberg (24 May 2021)** As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains ASX share price trading information sourced from Bloomberg without its consent

The Offer Price is however at a material discount to NTA⁸ which is discussed in more detail at Section 2.3(b) below.

³ The close of trading on 24 May 2021, being the date before CIMIC announced its intention to make the Offer.

⁴ VWAP for the 1 month period from 26 April 2021 to 24 May 2021.

⁵ VWAP for the 3 month period from 24 February 2021 to 24 May 2021.

⁶ VWAP for the 12 month period from 26 May 2020 to 24 May 2021.

⁷ VWAP for the 24 month period from 24 May 2019 to 24 May 2021.

⁸ Being a 40% discount to NTA of \$0.40 as at 31 March 2021.



b. The Offer is a cash offer which delivers certain value for your Devine Shares

Subject to the satisfaction or waiver of the Minimum Acceptance Condition, the Offer provides certainty of value, with all consideration in cash.

If you accept the Offer and the Minimum Acceptance Condition is satisfied or waived, you will be paid \$0.24 for each Devine Share which you hold. You also may not incur any brokerage fees which would likely be incurred if you were to sell the Devine Shares on market.

Further to the Offer providing certain value for your investment, by accepting the Offer you will remove your direct exposure to the risks inherent in continuing to hold Devine Shares, including risks associated with Devine's business and general industry risks. Please refer to Section 6.2 for further information about these risks.

c. Potentially adverse consequences if you choose not to accept the Offer

If you choose not to accept the Offer, there are certain potentially adverse consequences of which you should be aware:

i. Devine's share price may fall if the Offer is unsuccessful

The Directors are unable to predict the price at which Devine Shares will trade in the future, but consider that, if CIMIC is not entitled to compulsorily acquire the remaining Devine Shares at the end of the Offer Period and in the absence of a superior proposal, there is a possibility that Devine Shares may trade below the Offer Price of \$0.24 per Devine Share.

Considerations relevant to this assessment include:

- > the Independent Expert states in the Independent Expert Report that "in the absence of the Offer being accepted, the Devine share price is likely to decrease in the short to medium term, reflective of the uncertainty surrounding Devine's viability as its funding arrangements with CIMIC as a guarantor are approaching maturity in early 2022";
- > the Last Close Price on 24 May 2021, being the last trading day before the Announcement Date, was \$0.12 per Devine Share; and
- > in the two year period prior to the Announcement Date, Devine Shares did not trade at prices above \$0.19 per Devine Share. Relevantly, the last occasion when the Devine Share price closed above \$0.24 was 17 December 2018, when the Devine Share price closed at \$0.25.

ii. Compulsory acquisition

If CIMIC proceeds to compulsory acquisition under Part 6A.1 of the Corporations Act following the end of the Offer Period, your Devine Shares will be compulsorily acquired and you will receive the same consideration that you would have received under the Offer. However, you will most likely receive the consideration later than those Devine Shareholders who accept the Offer.

Section 5.10 sets out further details regarding the compulsory acquisition procedure.

iii. It may be difficult to sell your Devine Shares after the Offer expires, particularly if Devine is delisted

Devine's trading volumes have historically been low compared to other Australian listed companies. In addition, the reduction in 'free float' that will occur if CIMIC substantially increases its existing majority shareholding in Devine pursuant to the Offer is likely to lead to an additional reduction in the liquidity of the Devine Shares. This has been the case in other ASX listed entities where shareholders have taken majority control or further increased their existing level of majority control of the particular entity.

Therefore, if CIMIC increases its shareholding in Devine but does not achieve any of the relevant thresholds required for compulsory acquisition under the Offer and waives the Minimum Acceptance Condition, the liquidity of Devine Shares may be substantially reduced. This may adversely affect the value at which remaining Devine Shareholders are able to dispose of Devine Shares in the future.

Accordingly, if your Devine Shares are not acquired under the Offer or via compulsory acquisition, it may be difficult for you to sell your Devine Shares.

TARGET'S STATEMENT

2 DIRECTORS' RECOMMENDATION AND REASONS TO ACCEPT OR REJECT THE OFFER (CONTINUED)

Devine Shareholders should also note that CIMIC will have the ability to continue acquiring Devine Shares on ASX at the prevailing market prices in compliance with section 611 of the Corporations Act from the date that is six months (and potentially earlier) after the end of the Offer Period, with a limit of 3% in any six month period, without making a takeover offer for those Devine Shares. It should however be noted that CIMIC has not utilised the 3% creep entitlement in the period after the Prior CIMIC Takeover Offer closed in December 2015.

Further, in its Bidder's Statement, CIMIC has stated that if it does not become entitled to commence compulsory acquisition and there is a limited number or spread of Devine Shareholders remaining at the end of the Offer Period, CRI may seek to procure the removal of Devine from the official list of the ASX. If Devine is delisted, it will likely be more difficult to sell your Devine Shares as there is unlikely to be an active market for Devine Shares. The protections available to shareholders under the ASX Listing Rules will no longer be available to Devine Shareholders if Devine is delisted, including restrictions on the issue of new securities, related party provisions and requirements to seek shareholder approval for significant changes to the nature or scale of activities. In that scenario and where Devine has 50 shareholders or less, Devine Shareholders may also lose the protections granted by the takeover rules in the Corporations Act (for example, Devine Shareholders as a whole may not have the opportunity to participate in any future transaction under which CIMIC seeks to increase its ownership in Devine) and certain related party provisions would cease to apply.

The principal benefit to Devine Shareholders from a delisting is a saving of costs and overheads associated with Devine maintaining a listed status.

iv. Potential withdrawal of CIMIC's support for Devine

As its majority shareholder, CIMIC provides certain types of operational support to Devine, as described in greater detail in Section 6.1(e).

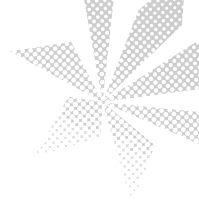
Devine also has access to a \$55 million Multi-Option Facility with ANZ Bank, as described in greater detail in Section 6.1(d) below, which expires on 31 March 2022. This Multi-Option Facility is guaranteed by CIMIC Group Limited, Devine's majority shareholder through CRI, and other related parties of CIMIC.

CIMIC has stated in the Bidder's Statement that if CRI has not acquired enough Devine Shares to proceed to compulsory acquisition of the remaining Devine Shares that it does not own following the close of the Offer, CIMIC intends "to review and assess the support provided to Devine", including the future provision of these operational support and debt finance arrangements.

If CIMIC decided to reduce its operational support to Devine by, for instance, declining to continue to provide certain accounting, legal, treasury and information technology services to Devine, this could have an adverse effect on Devine as it would need to engage alternative service providers (at Devine's cost) to ensure that Devine's business continues to operate in the ordinary course. Many of these areas of operational support have been provided by CIMIC to Devine at no cost, and accordingly it is likely that if this support is withdrawn, Devine will incur incremental costs to secure replacement support.

Further, if CIMIC, CRI or any other CIMIC Group member that is a guarantor decided to seek a release of its guarantee of the Multi-Option Facility before 31 March 2022 (when the Multi-Option Facility is currently due to expire), the Directors believe it is likely that this will have a significant impact on ANZ Bank's assessment of its willingness to continue to provide the Multi-Option Facility and there can be no assurance that ANZ Bank would provide an extension in this scenario.

If ANZ Bank does not agree to extend the Multi-Option Facility, the funds borrowed, including any bank guarantee issued under the Multi-Option Facility (\$40.7 million as at 31 May 2021) will become repayable on 31 March 2022. There is no certainty in this scenario that alternative funding (equity or debt) will be found or that CIMIC will support any alternative funding arrangements (and if alternative debt funding was found, Devine may be subject to a higher interest rate than under the Multi-Option Facility). In such circumstances, Devine's ability to continue to operate as a going concern may be compromised. When preparing Devine's most recent financial statements on a going concern basis (for FY2020), the Directors had regard to the refinancing of the Multi-Option Facility in December 2019, including the fact that it does not contain financial covenants and is guaranteed by CIMIC.



It is also possible that ANZ Bank may agree to extend the Multi-Option Facility but require Devine to comply with financial covenants, provide security or accept the imposition of adverse terms and conditions in agreeing to the extension.

d. CIMIC already has control of Devine

CIMIC currently has a relevant interest of 59.11% of the Devine Shares on issue, through:

- > CRI, which is the registered holder of 93,830,178 Devine Shares, representing a 59.11% interest in Devine Shares; and
- > another subsidiary of CIMIC, CIMIC Group Investments No. 2 Pty Limited (ABN 63 610 264 189), which is the registered holder of 1,087 Devine Shares, representing a 0.001% interest in Devine Shares.

The intentions of CIMIC upon acquiring 90% or more of Devine Shares are set out at section 4 of the Bidder's Statement.

If not all the Non-Associated Devine Shareholders accept the Offer, those remaining Non-Associated Devine Shareholders will remain minority shareholders in Devine unless CIMIC is able to proceed with compulsory acquisition.

e. CIMIC may be able to exercise greater influence over Devine following close of the Offer

If some Devine Shareholders accept the Offer and CIMIC increases its majority shareholding in Devine to 75% or more in the Offer, CIMIC will be able to unilaterally ensure the passage of a special resolution at a general meeting of Devine. Even if CIMIC holds less than 75% of the Devine Shares at the close of the Offer, but has substantially increased its majority shareholding in Devine, CIMIC may gain effective control of 75% or more of votes at a general meeting of Devine because some Devine Shareholders choose not to or are unable to vote at general meetings. The ability to unilaterally pass a special resolution would enable CIMIC to, amongst other things, amend Devine's constitution.

f. No certainty that CIMIC will make another offer for Devine in the future

If the Offer is unsuccessful, CIMIC may not make another takeover offer in the future.

If CIMIC did make such an offer, it may be at a lower price than the Offer Price of \$0.24 per Devine Share.

g. The Independent Expert has concluded that the Offer is fair and reasonable

The Directors engaged PricewaterhouseCoopers Securities Limited to prepare an Independent Expert's Report on the Offer.

The Independent Expert has assessed the fair value of a Devine Share to be within the range of \$0.21 to \$0.27 per Devine Share. The Offer Price of \$0.24 per Devine Share is within this range. The Independent Expert has therefore concluded that the Offer is fair and reasonable.

The full Independent Expert's Report is contained in Annexure A and the Directors encourage you to read it in full before deciding whether to accept the Offer or not.

h. No superior proposal has emerged as at the date of this Target's Statement

As at the date of this Target's Statement, no competing proposals to the Offer have been put to Devine or are currently under consideration by Devine, and the Directors are not aware of any other offer or proposal that might be an alternative to the Offer.

In light of CIMIC's relevant interest in 59.11% of the Devine Shares currently on issue and the fact that Devine's Multi-Option Facility is guaranteed by CIMIC (as described in further detail in Section 6.1(d) below), the Directors consider it unlikely that a superior proposal will be forthcoming before the end of the Offer Period.

Similarly, the Independent Expert's Report states that an alternative takeover offer is unlikely as any such offer would require CIMIC to sell its Devine Shares.

On this basis, the Directors believe that Devine Shareholders are unlikely to receive a superior proposal.

TARGET'S STATEMENT

2 DIRECTORS' RECOMMENDATION AND REASONS TO ACCEPT OR REJECT THE OFFER (CONTINUED)

i. Potentially no brokerage fees payable

If you accept the Offer, you will potentially not incur brokerage or other transaction costs under the Offer, which you may otherwise incur if selling your Devine Shares on the ASX.

2.3 Reasons to reject the Offer

Some possible reasons why Non-Associated Devine Shareholders may choose not to accept the Offer include:

a. You may believe that the Offer Price is inadequate

You may believe that the Offer Price of \$0.24 per Devine Share is inadequate.

b. The Offer Price represents a material discount to NTA

The Offer Price of \$0.24 per Devine Share represents a 40% discount to the NTA of Devine as at 31 March 2021, which was \$0.40 (and was \$0.41 at 31 December 2020).

Devine publishes a NTA figure in its financial statements, reflecting the carrying value of its assets, less liabilities and intangibles, divided by the number of Devine Shares outstanding.

In considering the Offer, Devine Shareholders may compare the proposed Offer Price relative to Devine's published NTA. In making that comparison, Devine Shareholders should have regard to the following:

i. Accounting standards

Devine's assets predominantly comprise interests in development projects, either held directly, through joint venture or via management agreements. In accordance with accounting standards, inventory of land held for resale is carried at the lower of cost and net realisable value. In assessing the net realisable value of a project, future revenues and expenses in relation to land held for sale are not discounted to net present value (although future interest expenses in relation to the project are taken into account).

As a result, Devine's NTA does not take into account the required time for the carrying value of any particular project to be realised. As an example, two of Devine's key projects, Riverstone Rise in Gladstone and Riverparks in Townsville have current expected completion dates of post-2040 and 2028 respectively. Devine Shareholders should be aware that the realisation of Devine's stated NTA may (for some projects) take significant time, and for the reasons outlined below, is not guaranteed.

ii. Project assumptions

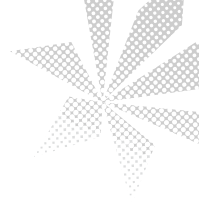
The net realisable value for any of Devine's projects is determined by the projected cash flows which rely on assumptions in relation to market demand, inventory pricing, construction costs and timelines, cost and availability of capital, competition, regulatory changes and government policies. Whilst these assumptions are periodically reviewed (and the carrying value may change if the assumptions are altered), there is no certainty that future cash flows will reflect those contained in the project feasibilities.

In addition, the majority of Devine's residential inventory is located in regional markets that have experienced more significant volatility than metropolitan centres. Material changes in economic conditions relating to regional markets (including population growth, commodity prices and government policies) could have a significant impact on the future cash flows from Devine's projects.

iii. Going concern

Devine's financial statements (including the assessment of net realisable value of its projects) are prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In preparing the financial statements on a going concern basis, the Directors have had regard to the refinancing of the Multi-Option Facility in December 2019, including the fact that it is guaranteed by CIMIC.

CIMIC has stated in the Bidder's Statement that, in the event that CRI has not acquired enough Devine Shares to proceed to compulsory acquisition of the remaining Devine Shares that it does not own following the close of the Offer, it intends "to review and assess the support provided to Devine", including the future provision of the guarantee of the Multi-Option Facility. The Multi-Option Facility is due to expire on 31 March 2022 and Devine will, prior to this date, engage with ANZ regarding an



extension of the Multi-Option Facility. CIMIC's willingness to continue to provide support in relation to the Multi-Option Facility will be an important matter in these discussions. In the event that CIMIC, CRI or any other CIMIC Group member that is a guarantor did not agree to continue to provide a guarantee of the Multi-Option Facility following 31 March 2022, Devine's capacity to fund its operations in the ordinary course for the remaining life of its projects would need to be reviewed.

To the extent that Devine sought to dispose of its interest in a particular project (as opposed to developing the project to completion), there is no certainty that the net realisable value at which Devine carries its interest in that project would be achieved.

iv. Commentary from the Independent Expert

The Independent Expert has assessed the fair value of a Devine Share to be within the range of \$0.21 to \$0.27. In so doing, the Independent Expert's Report comments:

"Our assessed Market Value per share range implies a discount to Devine's reported net tangible assets. This is due to the fact that Devine's assets predominately comprise of inventory, which is held at the lower of net realisable value or cost. Net realisable value is assessed on the future margin expected to be attributable to the project on an undiscounted basis (i.e. not taking into account the timing of when Devine may be able to realise this future margin or reflect the risk of achievement). One major project held by Devine has a long timeline to completion and as a result Market Value will be lower than the net realisable value due to the time value of money."

c. You may wish to remain a shareholder in Devine

If you accept the Offer and do not otherwise hold Devine Shares, you will no longer be entitled to participate in the future financial performance of Devine or exercise the rights of being a Devine Shareholder.

Further, it is possible that CIMIC would prefer 100% ownership of Devine and may return with a new offer at a higher price at a later time, if the Minimum Acceptance Condition to the Offer is not satisfied or waived and CIMIC does not achieve any of the relevant thresholds required for compulsory acquisition under the Offer. The last time CIMIC announced an off-market takeover offer for the Devine Shares that it did not own was in November 2015 (i.e. over 5 years ago). It is also possible that CIMIC may in the future, after close of the Offer, be able to satisfy the compulsory acquisition threshold without making another takeover offer, for example, by using the 3% creep mechanism under section 611 of the Corporations Act, as further described in Section 2.2(c)(iii).

Section 6 of this Target's Statement contains detailed information about Devine which you should consider in making your decision.

In any event, you should be aware that it may be difficult to sell your Devine Shares after the Offer expires, particularly if Devine is delisted – see Section 2.2(c)(iii) for further details.

d. You will not be able to sell your Devine Shares on market

If you accept the Offer, you will no longer be able to trade your Devine Shares on-market and so you will lose exposure to any upside in Devine. It is possible that the future Devine Share price may exceed the Offer Price. In the period between the Announcement Date and 24 June 2021 (being the last business day before the date that this Target's Statement was printed), approximately 4.7 million Devine Shares have traded on ASX at prices at or above the Offer Price (representing 2.9% of total Devine shares outstanding) up to a maximum price of \$0.25.

However, in the 2 year period prior to the Announcement Date, Devine Shares did not trade at prices above \$0.19 per Devine Share. Relevantly, the last occasion when the Devine Share price closed above \$0.24 was 17 December 2018, when the Devine Share price closed at \$0.25.

TARGET'S STATEMENT

2 DIRECTORS' RECOMMENDATION AND REASONS TO ACCEPT OR REJECT THE OFFER (CONTINUED)

e. You may consider that there is potential for a superior proposal to emerge

You may believe that a superior proposal for all Devine Shares could emerge in the future.

If a superior proposal is announced, Devine Shareholders who have accepted the Offer will not be able to withdraw their acceptance in order to accept a superior proposal, unless:

- > the Offer is withdrawn; or
- > the Offer Period is extended by more than 1 month (or by a cumulative period of more than 1 month) while the offer remains conditional, in which case Devine Shareholders who accepted the Offer before such extension are entitled to withdraw their acceptance.

However, if CIMIC varies the Offer to increase the consideration it is offering for your Devine Shares and the Offer becomes unconditional, you will be entitled to receive the increased consideration even if you have already accepted the Offer.

In any event, you should note that, as at the date of this Target's Statement, no competing proposals to the Offer have been put to Devine or are currently under consideration by Devine, and the Directors are not aware of any other offer or proposal that might be an alternative to the Offer.

f. There may be tax consequences from accepting the Offer

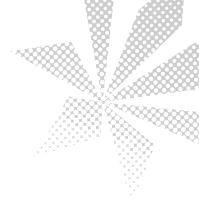
If you accept the Offer, it may result in taxation consequences for you, including exposure to capital gains tax (CGT). Please refer to Section 7 of this Target's Statement and section 7 of the Bidder's Statement for further information regarding the tax consequences of accepting the Offer.

2.4 Other considerations

In considering whether to accept the Offer, the Directors encourage you to:

- a. read both this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement in their entirety;
- b. consider the future prospects of Devine;
- c. have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances;
- d. obtain independent financial advice from your own broker or financial adviser regarding the Offer, and
- e. obtain taxation advice on the consequences for you of accepting the Offer.

As noted in Section 5.10, if the Minimum Acceptance Condition is satisfied, CIMIC will be entitled under the Corporations Act to proceed to compulsorily acquire all of your Devine Shares. CIMIC has stated that it intends to exercise this right if it becomes entitled to do so. As such, even if you do not accept the Offer, you may not be able to continue as a Devine Shareholder, and you may be compelled by law to sell your Devine Shares.



3. FREQUENTLY ASKED QUESTIONS

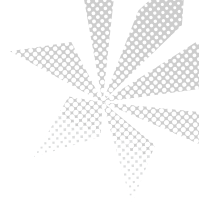
This Section 3 answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for Non-Associated Devine Shareholders. This Section 3 should be read together with the rest of this Target's Statement.

Question	Answer
The Offer	
Who is making the Offer?	<p>The bidder under the Offer is CRI. CRI currently owns 59.11% of Devine.</p> <p>CRI is a wholly owned subsidiary of ASX-listed CIMIC Group Limited (formally known as Leighton Holdings Limited), which is an engineering-led construction, mining, services and public private partnerships company working across the lifecycle of assets, infrastructure and resources projects.</p> <p>For the purposes of this Target's Statement, CIMIC refers to CRI together with CIMIC Group Limited.</p> <p>Information in relation to CIMIC is set out in section 2 of the Bidder's Statement or can otherwise be obtained via CIMIC's website at www.cimic.com.au. Information in relation to CIMIC is also referred to in Section 5 of this Target's Statement.</p>
What is the Offer?	CIMIC is offering \$0.24 cash for each Devine Share you hold.
Do I receive any increased Offer if I have already accepted the Offer?	<p>If you accept the Offer and the Offer Price is subsequently increased, you will be entitled to receive the increased consideration.</p> <p>If you sell your Devine Shares independently of the Offer you will not be eligible for the benefit of any increase in the Offer Price.</p>
What are the Conditions to the Offer?	<p>There is only one Condition to the Offer, which is the Minimum Acceptance Condition.</p> <p>The Minimum Acceptance Condition is that, at the end of the Offer Period, CIMIC has:</p> <ul style="list-style-type: none"> > received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares; and > a relevant interest in at least 90% (by number) of Devine Shares on issue. <p>If the Minimum Acceptance Condition is not satisfied or waived before the Offer closes, then the contract resulting from your acceptance of the Offer is void and you will retain ownership of those Devine Shares in respect of which you had accepted the Offer. You would then be free to deal with your Devine Shares.</p>
What if the Minimum Acceptance Condition is waived by CIMIC?	<p>If the Minimum Acceptance Condition is waived by CIMIC:</p> <ul style="list-style-type: none"> > Devine Shareholders who have accepted the Offer will be required to transfer all of the Devine Shares held by them to CIMIC and will be paid the Offer Price; and > Devine Shareholders who do not accept the Offer will continue to be minority Devine Shareholders (subject to CIMIC's compulsory acquisition rights in relation to Devine Shares that are described in Section 5.10 of this Target's Statement).
What impact does the Offer have on dividends and other Rights?	<p>CIMIC will be entitled to all Rights declared, paid, made, or which arise or accrue after the Announcement Date in respect of the Accepted Shares that it acquires pursuant to the Offer.</p> <p>If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date in respect of the Accepted Shares to the holders of the Accepted Shares, CIMIC will (provided the same has not been paid to CIMIC) be entitled to reduce the consideration of \$0.24 cash per Devine Share and payable by it to the holders of the Accepted Shares by an amount equal to the value of such Rights.</p> <p>If any non-cash Rights are issued or made or arise or accrue after the Announcement Date in respect of the Accepted Shares to the holders of the Accepted Shares, CIMIC will (provided the same has not been issued to CIMIC) be entitled to reduce the consideration of \$0.24 cash per Devine Share and payable by it to holders of the Accepted Shares by an amount equal to the value (as reasonably assessed by CRI) of such non-cash Rights.</p> <p>However, as at the date of this Target's Statement, the Directors of Devine do not expect there to be any Rights arising or paid on or after the Announcement Date.</p>
What are the consequences of accepting the Offer now?	<p>Once you accept the Offer in respect of all of your Devine Shares, you will be obliged to sell your Devine Shares to CIMIC.</p> <p>If you accept the Offer, you will not be able to sell those Devine Shares to any other person or otherwise deal with the Rights attaching to those Devine Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p>
When will I be paid if I accept the Offer?	<p>If you accept the Offer, you will be paid the Offer Price by the earlier of:</p> <ul style="list-style-type: none"> > 7 business days after the later of: (i) receipt of your valid acceptance; or (ii) the date on which the Offer becomes unconditional; and > 7 business days after the end of the Offer Period.

TARGET'S STATEMENT

3 FREQUENTLY ASKED QUESTIONS (CONTINUED)

Question	Answer
When does the Offer close?	The Offer is presently scheduled to close at 7.00pm (AEST) on 15 July 2021 unless withdrawn or extended.
Can the Offer Period be extended?	Subject to the Corporations Act as modified by ASIC Class Order 13/521, CIMIC may extend the Offer Period. In addition, the Offer Period may be extended automatically in certain circumstances (that is, if within the last seven days of the Offer Period, the Offer is varied to improve the consideration offered). Devine Shareholders should not assume that the Offer will be extended.
Can CIMIC withdraw the Offer?	CIMIC may be able to withdraw the Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.
Recommendation & Independent Expert's opinion	
What do your Directors recommend?	The Directors unanimously recommend that Non-Associated Devine Shareholders accept the Offer, in the absence of a superior proposal. However, in considering whether or not to accept the Offer, including the weight to be given to the recommendation of the Directors, Non-Associated Devine Shareholders should have regard to the relationship that each of the Directors have with CIMIC (as described in Section 1.1) and that no Director considers himself independent of CIMIC. As a consequence, each Director has had significant regard to the conclusion of the Independent Expert in making his recommendation.
What do the Directors intend to do with their Devine Shares?	None of the Directors hold any Devine Shares.
What is the opinion of the Independent Expert?	The Independent Expert has assessed the fair value of a Devine Share to be within the range of \$0.21 to \$0.27. The Offer Price of \$0.24 per Devine Share is within this range. The Independent Expert has therefore concluded that the Offer is fair and reasonable. The Independent Expert's Report is included in this Target's Statement as Annexure A.
What should I do?	You should read this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement in full. You may wish to seek independent legal, financial and taxation advice from your professional adviser in relation to the action that you should take in relation to the Offer and your Devine Shares.
Your choices	
What choices do I have as a Non-Associated Devine Shareholder?	As a Non-Associated Devine Shareholder, you have the choice to: <ul style="list-style-type: none"> > accept the Offer in respect of all of the Devine Shares that you hold at the time of acceptance, by following the instructions set out in section 1.2 of the Bidder's Statement and on the Acceptance Form; or > sell all or some of your Devine Shares independently of the Offer on ASX (unless you have already accepted the Offer in respect of your Devine Shares and have not validly withdrawn your acceptance); or > reject the Offer by doing nothing. If you reject the Offer, you may choose to either hold or sell some or all of your Devine Shares. However, refer to Section 5.10 of this Target's Statement for details of CIMIC's potential right to compulsory acquisition under the Corporations Act. Specifically, if the Minimum Acceptance Condition is satisfied, CIMIC will be entitled under the Corporations Act to proceed to compulsorily acquire all of your Devine Shares. CIMIC has stated that it intends to exercise this right if it becomes entitled to do so. As such, even if you do not accept the Offer, you may not be able to continue as a Devine Shareholder, and you may be compelled by law to sell your Devine Shares. <p>If you accept the Offer, you will be agreeing to transfer all (and not some) of the Devine Shares that you hold to CIMIC.</p> <p>There are tax implications associated with the above choices. A summary of these implications is set out in Section 7.</p>
How do I accept the Offer?	To accept the Offer, you must follow the instructions in section 1.2 of the Bidder's Statement and on the Acceptance Form. If you want to accept the Offer, you should follow these instructions carefully to ensure that your acceptance is valid.

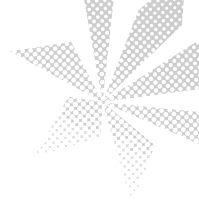


Question	Answer
Can I accept the Offer for only part of my holding of Devine Shares?	No, you can only accept the Offer for all of your Devine Shares.
When do I have to make a decision?	<p>CIMIC has stated that the Offer remains open until 7.00pm (AEST) on 15 July 2021 (unless extended).</p> <p>It is possible that CIMIC may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances (that is, if within the last seven days of the Offer Period, the Offer is varied to improve the consideration offered).</p> <p>Devine Shareholders are encouraged to monitor filings via www.asx.com.au (ticker code: CIM and DVN) for any updates on the Offer.</p>
Other considerations	
What is the Bidder's Statement?	<p>The Bidder's Statement is the document prepared by CIMIC containing the terms of the Offer in detail and information important to your decision on whether to accept or reject the Offer.</p> <p>CIMIC lodged the original bidder's statement with ASIC on 31 May 2021 and lodged a replacement bidder's statement with ASIC on 8 June 2021.</p> <p>CIMIC is required by law to send the Bidder's Statement to you. You should have already received the Bidder's Statement. If you do not have a copy, contact the CIMIC Offer Information Line on 1300 560 339 (for calls made within Australia) or +612 8011 0354 (for calls made from outside Australia) from Monday to Friday between 9.00am and 5.00pm (AEST).</p>
What is the Target's Statement?	<p>This booklet comprises the Target's Statement.</p> <p>This Target's Statement has been prepared by Devine and Devine is required by law to produce this Target's Statement in response to the Offer.</p> <p>This Target's Statement contains information to help you decide whether to accept the Offer or not, including the accompanying Independent Expert's Report.</p>
What will happen if a competing or superior proposal emerges?	<p>The Directors of Devine will carefully consider any competing or superior proposal and will advise you whether they make a recommendation in respect of any such competing or superior proposal.</p> <p>However, as at the date of this Target's Statement, no competing or superior proposal to the Offer has been put to Devine or is currently under consideration by Devine, and the Directors are not aware of any other offer or proposal that might be an alternative to the Offer.</p>
What happens if I accept the Offer and a superior proposal is made for my Devine Shares after I accept?	<p>If you accept the Offer, you will not be able to withdraw your acceptance unless:</p> <ul style="list-style-type: none">> the Offer is withdrawn; or> the Offer Period is extended by more than 1 month (or by a cumulative period of more than 1 month) while the offer remains conditional, in which case Devine Shareholders who accepted the Offer before such extension are entitled to withdraw their acceptance. <p>Accordingly, if you accept the Offer, you may be unable to accept a superior proposal if one arises. At this time, the Directors do not know if such an offer will arise.</p>

TARGET'S STATEMENT

3 FREQUENTLY ASKED QUESTIONS (CONTINUED)

Question	Answer
Can I be forced to sell my Devine Shares?	<p>You cannot be forced to sell your Devine Shares unless CIMIC proceeds to compulsory acquisition of Devine Shares.</p> <p>CIMIC currently has a relevant interest in 59.11% of Devine Shares on issue and will need to acquire a relevant interest in at least a further 30.89% of Devine Shares on issue (under the Offer or otherwise) in order to exercise its compulsory acquisition right.</p> <p>CIMIC has stated that it intends to exercise this compulsory acquisition right if it becomes entitled to do so. More specifically, if:</p> <ul style="list-style-type: none"> > the Minimum Acceptance Condition is satisfied (i.e. at the end of the Offer Period, CIMIC has received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares and has a relevant interest in at least 90% (by number) of Devine Shares on issue); and > CIMIC proceeds with compulsory acquisition under Part 6A.1 of the Corporations Act, <p>Devine Shareholders who do not accept the Offer but whose Devine Shares are compulsorily acquired will receive the same consideration for their Devine Shares that they would have received under the Offer.</p> <p>Further, if:</p> <ul style="list-style-type: none"> > at or after the end of the Offer Period, CIMIC has a relevant interest in at least 90% (by number) of Devine Shares on issue but has not received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares; and > CIMIC proceeds with compulsory acquisition under Part 6A.2 Division 1 of the Corporations Act, <p>Devine Shareholders who do not accept the Offer but whose Devine Shares are compulsorily acquired will receive a cash sum for the Devine Shares (which must be accompanied by an expert report discussing whether the proposed terms of the acquisition are for fair value).</p> <p>However, in each case, those Devine Shareholders whose Devine Shares are compulsorily acquired will most likely receive the consideration later than those Devine Shareholders who have accepted the Offer.</p> <p>If CIMIC becomes entitled to a compulsory acquisition right and seeks to enforce it, but you do not wish to have your Devine Shares compulsorily acquired, you may make an application to a court to prevent compulsory acquisition. However, the court may only make an order to prevent the compulsory acquisition of your Devine Shares if it is satisfied that the consideration for your Devine Shares is not fair value. If you wish to challenge the compulsory acquisition of your Devine Shares, you should seek your own legal advice as to the process for such a challenge.</p> <p>Please refer to Section 5.10 of this Target's Statement for more information about the compulsory acquisition process.</p>
Will I get any warning when the Minimum Acceptance Condition is about to be satisfied?	<p>No. You will need to monitor the acceptance levels yourself by checking the substantial holder notices lodged by CIMIC with the ASX during the Offer Period.</p> <p>However, CIMIC has indicated in its Bidder's Statement that it will give a notice of the status of the Condition to the ASX and Devine on 7 July 2021, subject to extension in accordance with the Corporations Act in the event that the Offer Period is extended.</p>
What are the tax implications of accepting the Offer?	<p>A general description of the taxation treatment for certain Devine Shareholders is set out in Section 7 of this Target's Statement and section 7 of the Bidder's Statement.</p> <p>You should not rely on those descriptions as advice for your own affairs.</p> <p>Instead, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Devine Shares. You may, for example, be liable for capital gains tax.</p>



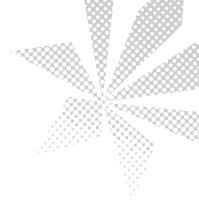
Question	Answer
Can I sell my Devine Shares on market?	<p>You can sell your Devine Shares on market unless you have accepted the Offer in respect of those Devine Shares.</p> <p>If you sell your Devine Shares on market:</p> <ul style="list-style-type: none">> it is possible that you may be able to sell your Devine Shares at a price above the Offer Price. In the period between the Announcement Date and 24 June 2021 (being the last business day before the date that this Target's Statement was printed), approximately 4.7 million Devine Shares have traded on ASX at prices or above the Offer price (representing 2.9% of total Devine Shares outstanding), up to a maximum price of \$0.25;> you will not benefit from any possible increase in the value of Devine Shares;> you will not benefit from any possible increase in the consideration that may be provided under the Offer or any or any other offer, should one be made;> you are likely to receive the proceeds of sale earlier than if you accept the Offer;> you may incur a brokerage charge; and> you may be liable for goods and services tax on incidental costs associated with the sale (such as the brokerage charge).
How can I get updates on the Devine Share price?	If you have access to the internet, you can receive updates by visiting the ASX website at www.asx.com.au .
What are the risks associated with Devine and its business?	A discussion of some of the risks associated with Devine and its business are set out in Section 6.2 of this Target's Statement.
Who should I call if I have any questions?	<p>Devine has established a Shareholder Information Line for Devine Shareholders in relation to the Offer. The telephone number is 1300 128 974 (within Australia), and +61 3 9415 4310 (outside Australia). It is available from Monday to Friday between 8.30am and 5.00pm (AEST).</p> <p>Announcements made to ASX by Devine and other information relating to the Offer can be obtained from Devine's website at www.devinegroup.com.au.</p>

TARGET'S STATEMENT

4. YOUR CHOICES AS A NON-ASSOCIATED DEVINE SHAREHOLDER

As a Non-Associated Devine Shareholder, you have three options currently available to you. You are encouraged to read this Target's Statement in full, together with the Independent Expert's Report and the Bidder's Statement, and seek appropriate legal, financial, tax or other professional advice if you are unsure what you should do in response to the Offer.

<p>Option 1</p> <p>Accept the Offer</p>	<p>You may choose to accept the Offer for your Devine Shares before the end of the Offer Period on 7.00pm (AEST) on 15 July 2021, unless extended.</p> <p>You are only able to accept the Offer in respect of all of the Devine Shares that you hold at the time of acceptance.</p> <p>CIMIC is offering \$0.24 in cash for each Devine Share you hold.</p> <p>The consequences of accepting the Offer are discussed in section 9.7 of the Bidder's Statement and the circumstances in which acceptances of the Offer may be withdrawn are discussed in Section 5.6 of this Target's Statement. If you accept the Offer, you will not be able to sell any of your Devine Shares to anyone else or accept any superior proposal that may emerge or otherwise deal with your Devine Shares.</p> <p>Instructions on how to accept the Offer are set out in section 1.2 of the Bidder's Statement and on the Acceptance Form accompanying the Bidder's Statement.</p>
<p>Option 2</p> <p>Sell your Devine Shares independently of the Offer</p>	<p>You can sell your Devine Shares independently of the Offer if you have not accepted the Offer.</p> <p>If you sell your Devine Shares independently of the Offer:</p> <ol style="list-style-type: none"> it is possible that you may be able to sell your Devine Shares at a price above the Offer Price. In the period between the Announcement Date and 24 June 2021 (being the last business day before the date that this Target's Statement was printed), approximately 4.7 million Devine Shares have traded on ASX at prices at or above the Offer Price (representing 2.9% of total Devine Shares outstanding), up to a maximum price of \$0.25; you will not benefit from any possible increase in the value of Devine Shares; you will not benefit from any possible increase in the consideration that may be provided under the Offer or any or any other offer, should one be made; you are likely to receive the proceeds of sale earlier than if you accept the Offer; you may incur a brokerage charge; and you may be liable for goods and services tax on incidental costs associated with the sale (such as the brokerage charge). <p>Devine Shareholders who wish to sell their Devine Shares other than via the Offer should contact their stockbroker or financial adviser for instructions on how to effect that sale.</p>
<p>Option 3</p> <p>Reject the Offer</p>	<p>If you do not wish to accept the Offer or do not wish to sell any of your Devine Shares you should take no action.</p> <p>If you choose not to accept the Offer, CIMIC will not be able to acquire your Devine Shares unless either:</p> <ul style="list-style-type: none"> > the Minimum Acceptance Condition is satisfied and CIMIC proceeds with compulsory acquisition under Part 6A.1 of the Corporations Act; or > at or after the end of the Offer Period, CIMIC has a relevant interest in at least 90% (by number) of Devine Shares on issue but has not received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares, and CIMIC proceeds with compulsory acquisition under Part 6A.2 Division 1 of the Corporations Act, <p>In such circumstances, CIMIC will become entitled to, and CIMIC has stated its current intention is to, compulsorily acquire all Devine Shares. See Section 5.10 for further information regarding compulsory acquisition.</p> <p>If your Devine Shares are compulsorily acquired, you will most likely receive the consideration payable to you at a later time than those Devine Shareholders that accept the Offer.</p> <p>In addition, if you choose not to accept the Offer and CIMIC is not entitled to proceed to compulsory acquisition by the end of the Offer Period, you will be exposed to the risks associated with being a minority Devine Shareholder. Some of these risks are explained in Sections 5.12 and 5.13.</p>



5. INFORMATION ABOUT CIMIC, THE OFFER AND OTHER IMPORTANT ISSUES

5.1 Profile of CIMIC and history of relationship with Devine

a. Profile of CIMIC

CIMIC is an engineering-led construction, mining, services and public private partnerships company working across the lifecycle of assets, infrastructure and resources projects. CIMIC comprises construction businesses CPB Contractors, Leighton Asia and Broad, mining and mineral processing companies Thiess (joint control) and Sedgman, services specialist UGL and Ventia (47% investment), and public private partnerships arm Pacific Partnerships – all of which are supported by an in-house engineering consultancy, EIC Activities.

Formerly trading as Leighton Holdings Limited, CIMIC was listed on ASX in 1962 with its head office in Sydney. CIMIC had a market capitalisation of approximately \$6.6 billion as at the close of trading on 24 May 2021, being the last trading day before the Announcement Date.

The largest shareholder in CIMIC is HOCHTIEF Australia Holdings Limited, a wholly owned subsidiary of HOCHTIEF Aktiengesellschaft (HOCHTIEF AG), which owns 78.58% of CIMIC as at 21 January 2021. HOCHTIEF AG is listed on the Frankfurt Stock Exchange. The largest shareholder in HOCHTIEF AG is Actividades de Construccion y Servicios S.A. (ACS), which controlled 52.2% of the shares in HOCHTIEF AG at 31 December 2020.

For more information please refer to www.cimic.com.au.

b. History of relationship with Devine

CRI is a wholly owned subsidiary of CIMIC Group Limited and is the registered holder of 93,830,178 Devine Shares, representing a 59.11% interest in Devine Shares. Another subsidiary of CIMIC Group Limited, CGI2, is the registered holder of 1,087 Devine Shares, representing a 0.001% interest in Devine Shares.

The total number of Devine Shares held by CIMIC is accordingly 93,831,265. This shareholding follows a series of transactions over the last 14 years. Specifically:

- > in 2007, Leighton Holdings Limited (as CIMIC Group Limited was then called) acquired a 40% interest in Devine, in a transaction approved by Devine Shareholders;
- > by June 2011, through a series of share purchases, Leighton Holdings Limited's interest in Devine had increased to slightly above 50%; and
- > in November 2015, CIMIC, which at that stage had a relevant interest in 50.63% of Devine, made an off-market takeover offer to acquire all Devine Shares it did not own for \$0.75 per Devine Share. Acceptances under this Prior CIMIC Takeover Offer resulted in an increase in the CIMIC Shareholding to the current level of 59.11% of Devine Shares.

In addition to having a majority shareholding in Devine, CIMIC has:

- > through its representatives, reconstituted the Devine Board and replaced senior management of Devine;
- > at most times since 2013, provided Devine with financial support in relation to Devine's debt finance arrangements; and
- > since 2016, provided various forms of financial and operational support to Devine.

TARGET'S STATEMENT

5 INFORMATION ABOUT CIMIC, THE OFFER AND OTHER IMPORTANT ISSUES (CONTINUED)

5.2 Summary of the Offer

CIMIC is offering to acquire all of your Devine Shares, including any Rights attaching to those Devine Shares, on the terms and conditions set out in the Bidder's Statement. Accordingly, you may only accept the Offer in respect of all of your Devine Shares at the time of your acceptance.

Devine Shareholders are being offered cash consideration of \$0.24 per Devine Share.

Under the terms of the Offer, the amount of consideration you receive from CIMIC will be reduced by the amount or value of any Rights attaching to the Devine Shares in respect of which the Offer is accepted which arise or are paid on or after the Announcement Date, which CIMIC does not receive. See section 9.8 of the Bidder's Statement for more information on this. However, as at the date of this Target's Statement, the Directors of Devine do not expect there to be any Rights arising or paid on or after the Announcement Date.

As at 24 June 2021, the last business day before the date that this Target's Statement was printed, CIMIC has not declared the Offer to be final. Accordingly, CIMIC may increase the Offer Price, for example, in the event of a competing proposal being announced by another party. If CIMIC further increases the Offer Price, the Corporations Act entitles any Devine Shareholder who has already accepted the Offer to receive the increased Offer Price from CIMIC.

The Offer is made to each person registered as a holder of Devine Shares on the register of Devine as at the Register Date and extends to any other person who becomes registered as the holder of Devine Shares during the Offer Period.

5.3 Condition to the Offer

The Offer is subject to one Condition, being the Minimum Acceptance Condition.

The Minimum Acceptance Condition is that at the end of the Offer Period, CIMIC has:

- a. received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares; and
- b. a relevant interest in at least 90% (by number) of Devine Shares on issue.

CIMIC has indicated in its Bidder's Statement that it will give a notice of status of this Condition to the ASX and Devine on 7 July 2021, subject to extension in accordance with the Corporations Act in the event that the Offer Period is extended.

5.4 Offer Period

The Offer opened on 15 June 2021.

Unless the Offer is extended or withdrawn by CIMIC, it is open for acceptance until 7.00pm (AEST) on 15 July 2021.

The circumstances in which CIMIC may extend or withdraw the Offer are set out in Sections 5.5 and 5.6 respectively.

5.5 Extension of the Offer Period

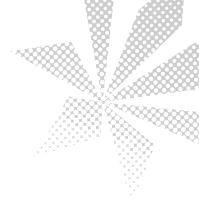
CIMIC may extend the Offer Period at any time before the end of the Offer Period. CIMIC has no obligation to voluntarily extend the Offer Period and may elect not to do so.

Further, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, CIMIC improves the Offer Price. If this event occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

The maximum duration of the Offer Period is 12 months.

5.6 Withdrawal of the Offer

CIMIC may withdraw the Offer only with the written consent of ASIC and subject to the conditions (if any) specified in such consent.



5.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 9.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Devine Shares and the representations and warranties which you give by accepting the Offer.

If you accept the Offer, some of the consequences include the following:

- a. you will give up your rights to sell your Devine Shares on ASX (or any other trading platform) or otherwise deal with them while the Offer remains open (which would prevent you from accepting any superior proposal from another party that may emerge); and
- b. you will relinquish control of your Devine Shares.

By accepting the Offer, you agree to each of the matters in section 9.7 of the Bidder's Statement. These matters include you agreeing that:

- c. your Devine Shares are fully paid and CIMIC will acquire your Devine Shares free from all mortgages, charges, liens and other Encumbrances of any kind (whether legal or otherwise), and that you have full power and capacity (whether legal or equitable) to sell and transfer your Devine Shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of your Devine Shares; and
- d. with effect from the date on which the Minimum Acceptance Condition is satisfied or waived, you irrevocably appoint CRI and each of its directors, secretaries and officers from time to time jointly and each of them severally as your attorney, with power to exercise all powers and rights that you could lawfully exercise as the registered holder of your Devine Shares, including the right to attend any meeting of Devine Shareholders and vote in respect of your Devine Shares (with such appointment terminating on the registration of CIMIC as the holder of your Devine Shares).

5.8 Lapse of the Offer

The Offer will lapse if, at the end of the Offer Period, the Minimum Acceptance Condition is not satisfied or waived. If this occurs, then acceptances given by Devine Shareholders will be cancelled and those Devine Shareholders will continue to own their Devine Shares (and will be free to deal with them as they choose).

5.9 Superior proposal

If you accept the Offer, you may forfeit the opportunity to benefit from any superior proposal made by another bidder for your Devine Shares, if such a proposal eventuates.

You should note that, as at the date of this Target's Statement, no competing proposals to the Offer have been put to Devine or are currently under consideration by Devine, and the Directors are not aware of any other offer or proposal that might be an alternative to the Offer. Further, in light of CIMIC's relevant interest in 59.11% of the Devine Shares currently on issue and the fact that Devine's Multi-Option Facility is guaranteed by CIMIC (as described in further detail in Section 6.1(d)), the Directors consider it unlikely that a superior proposal will be forthcoming before the end of the Offer Period.

However, should another takeover offer be announced during the Offer Period, Devine will issue a supplementary target's statement to Devine Shareholders.

TARGET'S STATEMENT

5 INFORMATION ABOUT CIMIC, THE OFFER AND OTHER IMPORTANT ISSUES

(CONTINUED)

5.10 Compulsory acquisition

CIMIC has stated in section 4.2(a)(i) of the Bidder's Statement that if CIMIC becomes entitled to proceed to compulsorily acquire Devine Shares in accordance with the Corporations Act, it intends to do so (although CIMIC has not made any determination as to when it would proceed with compulsory acquisition of the remaining Devine Shares under the Corporations Act).

a. Following Offer

Under Part 6A.1 of the Corporations Act, CIMIC will be able to compulsorily acquire any outstanding Devine Shares for which it has not received acceptances on the same terms as the Offer if during, or at the end of, the Offer Period, CIMIC:

- > has a relevant interest in at least 90% of all Devine Shares; and
- > has acquired at least 75% of all Devine Shares for which CIMIC has made an Offer.

If these thresholds are met, CIMIC will have until one month from the end of the Offer Period to give compulsory acquisition notices to Devine Shareholders who have not accepted the Offer (but CIMIC may choose to commence compulsory acquisition as soon as the relevant thresholds are met).

If your Devine Shares are compulsorily acquired under Part 6A.1 of the Corporations Act, you will receive the same consideration that you would have received under the Offer.

b. Future compulsory acquisition

If CIMIC does not become entitled to compulsorily acquire Devine Shares in accordance with the above procedures, it may nevertheless subsequently become entitled to exercise general compulsory acquisition rights in relation to the Devine Shares under Part 6A.2 Division 1 of the Corporations Act.

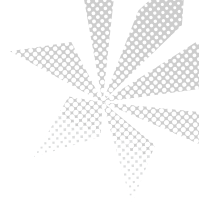
Broadly, CIMIC will be entitled to compulsorily acquire all outstanding Devine Shares if CIMIC and its related bodies corporate have a full beneficial interest in at least 90% of all the Devine Shares on issue.

CIMIC's price for compulsory acquisition under this procedure would have to be considered in a report by an independent expert, which must set out whether the terms of the compulsory acquisition give 'fair value' for the Devine Shares concerned and the independent expert's reasons for forming that opinion.

Compulsory acquisition notices must be lodged within six months after CIMIC becomes a 90% beneficial holder pursuant to these provisions, and must be accompanied by the independent expert's report and an objection form.

If Devine Shareholders with at least 10% of Devine Shares covered by the compulsory acquisition notices object to the acquisition before the end of the objection period (which must be at least one month from the date of the compulsory acquisition notice), CIMIC may apply to the court for approval of the acquisition of the Devine Shares covered by the notice. The costs incurred by any Devine Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by CIMIC, unless the court is satisfied that the Devine Shareholder acted improperly, vexatiously or otherwise unreasonably.

Devine Shareholders may challenge any compulsory acquisition, but this would require the court to be satisfied that the consideration does not represent fair value for the Devine Shares. If Devine Shares are compulsorily acquired, Devine Shareholders who own those Devine Shares are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.



5.11 CIMIC's intentions following conclusion of the Offer

The Bidder's Statement sets out CIMIC's intentions following the conclusion of the Offer, which depends on whether CIMIC has acquired 90% or more of the Devine Shares or not at conclusion of the Offer.

In summary, if CIMIC has acquired 90% or more of the Devine Shares at conclusion of the Offer:

- > **Compulsory acquisition:** CIMIC intends to proceed with compulsory acquisition in accordance with the Corporations Act (although CIMIC has not made any determination as to when it would proceed with compulsory acquisition of the remaining Devine Shares under the Corporations Act).
- > **ASX listing:** CIMIC intends to seek to procure the removal of Devine from the official list of ASX.
- > **Employees:** CIMIC intends to retain the services of Devine's current employees in the ordinary course. In cases where particular roles may no longer be required, CIMIC will attempt to identify opportunities for alternative employment within the CIMIC Group.
- > **Business and assets:** CIMIC intends to conduct a strategic review of Devine, which may result in changes to the structure of Devine.

Further, if CIMIC has not acquired 90% or more of the Devine Shares at conclusion of the Offer:

- > **ASX listing:** CIMIC may seek to procure the removal of Devine from the Official List of ASX, which will depend on the spread and volume of Devine Shareholders remaining following the conclusion of the Offer. See Section 5.13 for further information concerning a delisting of Devine.
- > **Directors:** CIMIC intends to maintain the existing directors of Devine unless Devine is delisted, in which case CIMIC will review the number and composition of the Devine Board.
- > **Business and assets:** CIMIC intends to reassess its position with respect to Devine, particularly the future provision of the operational support and debt finance arrangements. See Sections 2.2(c)(iv) and 5.14 for further details.
- > **Employees:** CIMIC intends to retain the services of Devine's current employees in the ordinary course. In cases where particular roles may no longer be required, CIMIC will attempt to identify opportunities for alternative employment within the CIMIC Group.

Please refer to section 4 of the Bidder's Statement for further information regarding CIMIC's intentions following the completion of the Offer.

TARGET'S STATEMENT

5 INFORMATION ABOUT CIMIC, THE OFFER AND OTHER IMPORTANT ISSUES

(CONTINUED)

5.12 Consequences of CIMIC acquiring less than 90% of all the Devine Shares on issue

CIMIC currently has a relevant interest in 59.11% of the Devine Shares. Accordingly, CIMIC is a majority shareholder and this puts CIMIC in a position to cast the majority of votes at a general meeting of Devine. This enables CIMIC to control the composition of the Devine Board and senior management, and control the strategic direction of the business of the Devine Group.

If CIMIC receives acceptances under the Offer constituting less than 90% of all Devine Shares then:

- > the Minimum Acceptance Condition will not be satisfied and, if not waived, Non-Associated Devine Shareholders will continue to be minority Devine Shareholders; or
- > if the Minimum Acceptance Condition is waived, Non-Associated Devine Shareholders who do not accept the Offer will continue to be minority Devine Shareholders.

This has a number of potential implications, including:

- a. CIMIC may pursue the intentions which it has set out in section 4.2(b) of the Bidder's Statement;
- b. if CIMIC substantially increases its majority shareholding in Devine, this is likely to lead to a substantial reduction in the liquidity of Devine Shares; and
- c. a possible impact on Devine's financing arrangements and CIMIC's support for Devine, as described in more detail in Section 5.14.

In addition, if CIMIC obtains 75% or more of all the Devine Shares on issue, it will be able to pass a special resolution of Devine. This would enable CIMIC, among other things, to amend Devine's constitution.

If the Offer lapses, or if CIMIC acquires less than 90% of the Devine Shares on issue and Devine remains listed on ASX, the trading price of Devine Shares may be higher or lower than the Offer Price. However, the Directors believe that, if CIMIC is not entitled to compulsorily acquire the remaining Devine Shares at the end of the Offer Period, there is a possibility that Devine Shares may trade below the Offer Price of \$0.24 per Devine Share for the reasons set out in Section 2.

If you remain a Devine Shareholder because the Offer lapses, or if CIMIC has acquired less than 90% of the Devine Shares on issue and Devine remains listed on ASX, you will have the opportunity to participate in the future potential of Devine's business, but you will be subject to the associated risks.

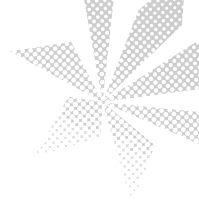
5.13 ASX delisting

CIMIC has stated that, at the end of the Offer Period, CIMIC may seek to arrange for Devine to be removed from the Official List of ASX which will depend on the spread and volume of Devine Shareholders remaining following the conclusion of the Offer (see sections 4.2(a)(ii) and 4.2(b)(i) of the Bidder's Statement). ASX is not required to act on an entity's request for removal from the official list and may require conditions to be satisfied before it does so.

In December 2019, ASX released an updated Guidance Note 33 Removal of Entities from the ASX official list ("GN33") which sets out ASX's policy in relation to requests for removal from the Official List of ASX. GN33 states that ASX's discretion to act on an entity's request for removal from the ASX official list is to ensure that a removal is being sought for acceptable reasons. Acceptable reasons include where, as a result of a takeover, the entity only has one or a small number of remaining security holders and so its continued listing can no longer be justified. Unacceptable reasons include where the removal is being sought solely or primarily to deny minority security holders a market for their securities in order to coerce them into accepting a current or planned offer from a controlling security holder to buy out their securities at an undervalue.

GN33 sets out particular guidelines that apply to a request for removal from the ASX official list following a successful takeover bid where:

- > the bidder and its related bodies corporate own or control at least 75% of the entity's ordinary securities but have not met the conditions to proceed to compulsory acquisition of the remaining securities under the Corporations Act;
- > excluding the bidder and its related bodies corporate, the number of holders of ordinary securities having holdings with a value of at least \$500 is fewer than 150;
- > the bidder foreshadowed in its bidder's statement that it intended, if it secured control of the entity, to cause the entity to apply for removal from the official list;



- > the takeover bid remained open for at least two weeks following the bidder and its related bodies corporate having attained ownership or control of at least 75% of the entity's ordinary securities; and
- > the entity has applied for removal from the official list no later than one month after the close of the takeover bid.

If these circumstances set out above apply, ASX will not usually require the entity to obtain security holder approval for a proposed removal. However, ASX will usually require the following conditions to be satisfied before it will act on a request for removal from the official list:

- a. the entity send a written or electronic communication to all security holders other than the bidder and its related bodies corporate, in form and substance satisfactory to ASX, advising them of the nominated time and date at which the entity will be removed from the ASX official list and that:
 - > if they wish to sell their securities on ASX they will need to do so before then; and
 - > if they do not, thereafter they will only be able to sell their securities off-market; and
- b. the removal of the entity from the ASX official list not take place any earlier than 3 months after the above-mentioned communication has been sent to security holders, so that security holders have at least that period to sell their securities on ASX, should they wish to do so.

If the circumstances set out above do not apply, and the entity has been the subject of a takeover bid in the preceding 12 months, ASX will require the approval of the entity's security holders by way of a special resolution. CIMIC would be excluded from voting if, in ASX's opinion, CIMIC and its associates have attained effective control of Devine without satisfying the conditions listed above.

Where more than 12 months have elapsed since the close of the takeover bid, GN33 states that ASX will generally permit the bidder to vote on a special resolution approving the target's removal. In this circumstance, CIMIC would not be excluded from voting.

In deciding how to respond to the Offer, you should take into account the possibility that Devine may be delisted in the scenarios referred to above. Section 2.2(c)(iii) includes further detail concerning difficulty that you may face in selling your Devine Shares if Devine is delisted, as well as the scenario where Devine has 50 shareholders or less, in which circumstance Devine Shareholders may also lose the protections granted by the takeover rules in the Corporations Act.

5.14 Impact on Devine's financing arrangements and CIMIC's support for Devine

CIMIC has stated in the Bidder's Statement that if CRI has not acquired enough Devine Shares to proceed to compulsory acquisition of the remaining Devine Shares that it does not own following the close of the Offer, CIMIC intends "to review and assess the support provided to Devine", including the future provision of these operational support and debt finance arrangements.

If CIMIC decided to reduce its operational support to Devine by, for instance, declining to continue to provide certain accounting, legal, treasury and information technology services to Devine, this could have an adverse effect on Devine as it would need to engage alternative service providers (at Devine's cost) to ensure that Devine's business continues to operate in the ordinary course. Many of these areas of operational support have been provided by CIMIC to Devine at no cost, and accordingly it is likely that if this support is withdrawn, Devine will incur incremental costs to secure replacement support.

Further, if CIMIC, CRI or any other CIMIC Group member that is a guarantor decided to seek a release of its guarantee of the Multi-Option Facility before 31 March 2022 (when the Multi-Option Facility is currently due to expire), the Directors believe it is likely that this will have a significant impact on ANZ Bank's assessment of its willingness to continue to provide the Multi-Option Facility and there can be no assurance that ANZ Bank would provide an extension in this scenario.

If ANZ Bank does not agree to extend the Multi-Option Facility, the funds borrowed, including any bank guarantee issued, under the Multi-Option Facility (\$40.7 million as at 31 May 2021) will become repayable on 31 March 2022. There is no certainty in this scenario that alternative funding (equity or debt) will be found or that CIMIC will support any alternative funding arrangements (and if alternative debt funding was found, Devine may be subject to a higher interest rate than under the Multi-Option Facility). In such circumstances, Devine's ability to continue to operate as a going concern may be compromised. When preparing Devine's most recent financial statements on a going concern basis (for FY2020), the Directors had regard to the refinancing of the Multi-Option Facility in December 2019, including the fact that it does not contain financial covenants and is guaranteed by CIMIC.

TARGET'S STATEMENT

5 INFORMATION ABOUT CIMIC, THE OFFER AND OTHER IMPORTANT ISSUES

(CONTINUED))

It is also possible that ANZ Bank may agree to extend the Multi-Option Facility but require Devine to comply with financial covenants, provide security or accept the imposition of adverse terms and conditions in agreeing to the extension.

The above information has been included in this Target's Statement because it may impact the future prospects of Devine which would be relevant to any Devine Shareholders who might remain Devine Shareholders.

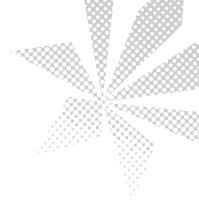
5.15 Impact on Devine's material contracts

As at the date of this Target's Statement, the Directors are not aware of any contract that has been entered into by Devine or a subsidiary, that the Directors regard as material to the Devine Group, that contains a change of control provision that would be triggered if CIMIC acquires the Devine Shares the subject of the Offer.

5.16 Payment

If you accept the Offer on or prior to the presently scheduled closing date of 7.00pm (AEST) on 15 July 2021, you will be paid the consideration for your Devine Shares by the earlier of:

- a. 7 business days after the later of: (i) receipt of your valid acceptance; or (ii) the date on which the Offer becomes unconditional; and
- b. 7 business days after the end of the Offer Period.



6. INFORMATION IN RELATION TO DEVINE

6.1 Devine Group profile

a. Business overview

First established in 1983, the Devine Group's property experience extends across community development and creation as well as house, apartment and mixed use projects. The Devine Group has operations established throughout Queensland, Victoria and South Australia and has been responsible for providing land, homes and apartments for more than 27,000 families throughout Australia since listing on the ASX in 1993. Devine had a market capitalisation of approximately \$19.05 million as at the close of trading on 24 May 2021, being the last trading day before the Announcement Date. As at 15 June 2021, the Devine Group employed 13 employees.

Devine is continuing to investigate new development opportunities of appropriate scale, in market corridors with existing demand, in order to build its future development pipeline. As at 31 December 2020, the Devine Group had a residential development pipeline of approximately 4,300 future allotments.

Devine's key shareholders are CRI (which owns 59.11% of Devine Shares) and Brazil Farming Pty Ltd (which owns 20.55% of Devine Shares).

The following is a summary of financial results for the Devine Group for the financial year ended 31 December 2020:

- > revenue from continuing operations: \$36.4 million;
- > loss before tax from continuing operations: \$4.5 million;
- > profit before tax from discontinued operations: \$0.1 million;
- > total loss before tax: \$4.4 million;
- > total loss after tax: \$4.4 million; and
- > debt of \$36.7 million as at 31 December 2020.

Further, as announced at Devine's annual general meeting on 26 May 2021, Devine's results for the first quarter of 2021 included:

- > revenue from continuing operations: \$9 million;
- > total loss after tax: \$1.7 million; and
- > cash balances: \$1.5 million.

As at 31 December 2020, the Devine Group has total tax losses of approximately \$173.9 million which will be available for offsetting against future profits provided certain tests under relevant taxation legislations are met.

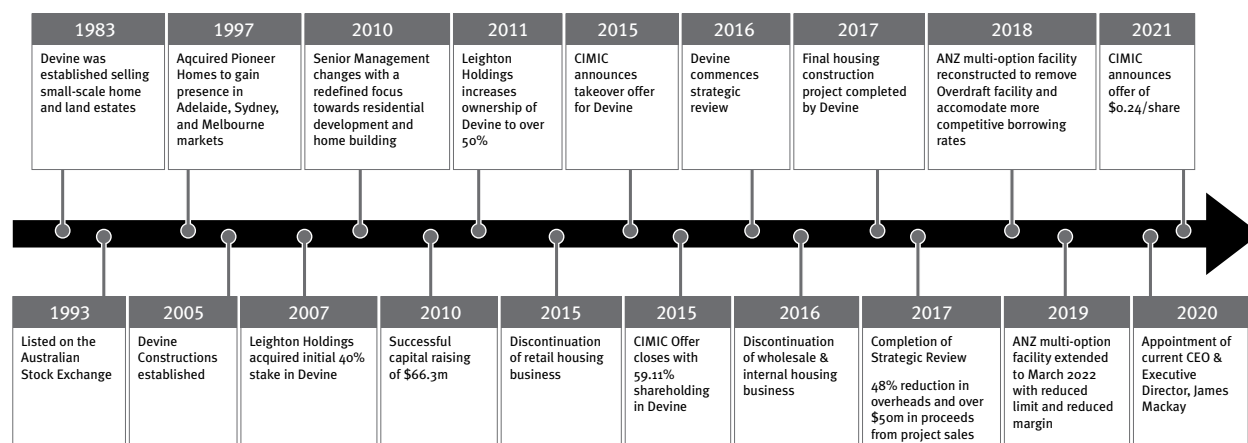
Devine is expected to release its half yearly report in respect of the period from 1 January 2021 to 30 June 2021 during August 2021. As at 24 June 2021, the last business day before the date that this Target's Statement was printed, Devine anticipates a loss after tax for the six months ending 30 June 2021 of approximately \$2.0-\$3.5 million. This preliminary estimate assumes the completion of all settlements scheduled to occur prior to 30 June 2021 and no material change to expected market conditions. The preliminary estimate is also subject to ordinary course financial reporting processes including auditor review and impairment testing. If the Offer remains open at the time Devine's half yearly report is released, you are encouraged to closely consider these results in assessing the Offer.

TARGET'S STATEMENT

6 INFORMATION IN RELATION TO DEVINE (CONTINUED)

b. History of the Devine Group

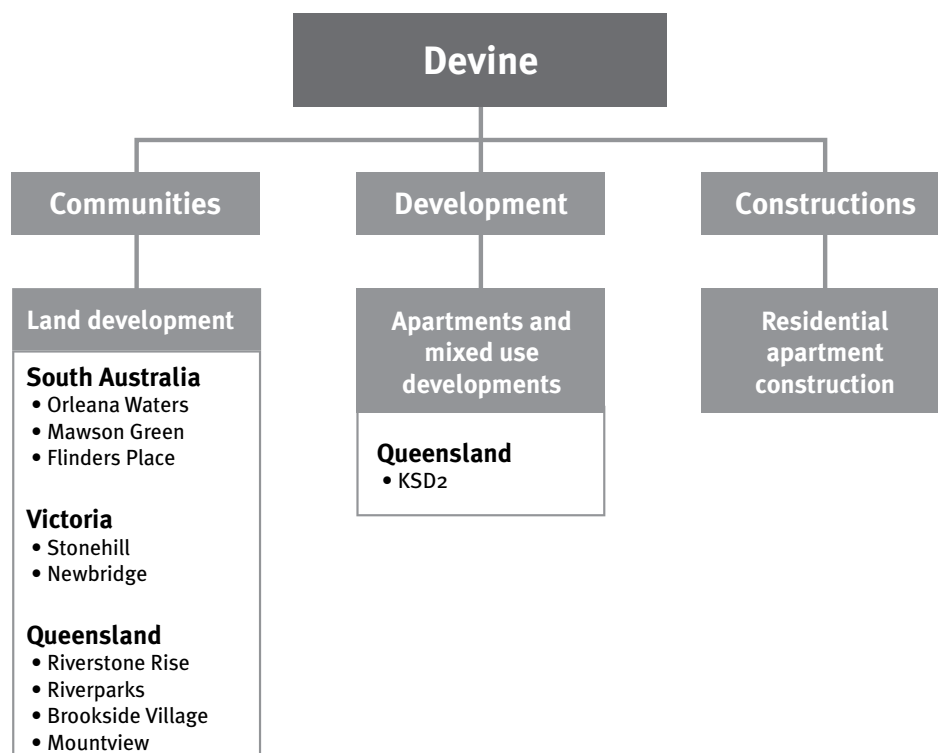
Figure 2: Corporate timeline



c. Divisional overview

The Devine Group established operations through three key divisions with a highly diverse geographic portfolio of projects as described below.

Figure 3: Overview of Devine's operations



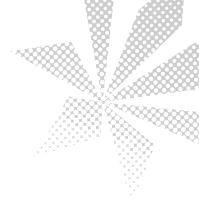


Figure 4: Pipeline summary

					Status as at 31 May 2021		
	Project Name	Project Type	Project Structure	Location	Total lots	Unsettled Lots	Expected Completion
SA	Orleana Waters	Land	Land mgmt	Evanston Gardens	788	314	2025
	Mawson Green	Land	Owned	Meadows	204	73	Late 2022
	Flinders Place	Land	Land mgmt	Port Augusta	22	15	Post 2025
VIC	Stonehill	Land	JV	Bacchus Marsh	1,414	553	2026
	Newbridge	Land	JV	Wallan	813	33	Late 2021
QLD	Riverstone Rise	Land	Land mgmt	Boyne Island, Gladstone	2,726	2,480	Post 2040
	Riverparks	Land	Owned	Kelso, Townsville	872	498	2028
	Brookside	Land	Owned	Redbank Plains	146	1 Englobo Parcel	Dec-21
	Brookside - Rail Corridor	Land	Owned	Redbank Plains	1	1	Late 2022
	Mountview	Land	Owned	Redbank Plains	836	1 Englobo Parcel	Jun-21
	Mountview - Rail Corridor	Land	Owned	Redbank Plains	1	1	Late 2022
	Hamilton Harbour, KSD2	Apartment project/ Commercial office Development	JV	Hamilton	1	1	2024
Total unsettled lots					3,969 (excluding englobo parcel)		

i. Communities – land development

- > The Devine Communities business has projects within urban growth corridors in south-east Queensland, greater Melbourne and Adelaide, as well as Townsville and Gladstone in Queensland and Port Augusta in South Australia.
- > The division generates revenue through the sale of individual land lots or house and land packages, with housing product packaged through third party builder partners.
- > The Devine Communities business has continued to develop the Stonehill project in Bacchus Marsh, Victoria, with 116 new sales and 119 settled allotments in the 12 month period to 31 May 2021. The project currently has 115 allotments under construction which are forecast to settle from late 2021 to mid-2022. Similarly, a sales pipeline of 136 contracted allotments as at 31 May 2021 are forecast to progressively settle through to mid-2022.
- > Devine Communities made progress toward the completion of its joint venture land development project Newbridge, at Wallan in Victoria, with a total of 162 residential lots having settled during FY2020, as well as a further 66 residential lots settling in the five month period to May 2021.
- > Devine Communities' major projects in South Australia (Mawson Green at Meadows and Orleana Waters at Evanston Gardens) have construction currently progressing on stages across both developments. Over the 12 month period to 31 May 2021, Devine's South Australian projects contracted 104 new sales and settled 57 allotments.
- > Projects in south-east Queensland include Brookside and Mountview. An 8.8 hectare parcel of the Brookside site is currently subject to a contract of sale, with settlement forecast to occur in late 2021. Likewise, a 4.1 hectare undeveloped area of the Mountview project settled in June 2021.
- > Land sales in the regional Queensland markets of Gladstone and Townsville experienced some increase in sales, but remain relatively subdued. However a lack of product in Townsville resulted in the commencement of construction of the next stage at Riverparks.

TARGET'S STATEMENT

6 INFORMATION IN RELATION TO DEVINE (CONTINUED)

- > Devine has continued to investigate new development opportunities of appropriate scale, in market corridors with existing demand, in order to build its future development pipeline.

ii. Development – apartments and mixed use projects

- > Devine's apartment business encompasses both apartment and mixed use developments.
- > Apartments are typically sold off the plan in advance of construction commencement.
- > The business utilises a variety of sales channels to connect with both investor and owner occupier purchasers.
- > KSD2 is a joint venture project between Devine and Leighton Properties located next to Devine's headquarters, and is the final stage of the Hamilton Harbour residential and mixed use project in the riverside suburb of Northshore Hamilton. The KSD2 site has a development approval for 224 residential apartments, while also having the potential to revert to commercial use, should this be the more suitable outcome.

iii. Construction

- > The residential apartment construction arm of Devine Group, Devine Constructions (**DVC**), has not commenced any new construction contracts since the decline in financial performance of the segment in 2015.
- > The recent focus of DVC has been the completion of existing projects and working through the legacy insurance claims and counter-claims. To date, ten claims have been settled to the value of \$26.7 million and five claims are currently under negotiation. DVC continues to work on these claims while maintaining its building licence and meeting its statutory warranty obligations.

d. Funding arrangements

Devine is party to a multi-option facility agreement dated on or about 29 March 2018 with ANZ Bank, as extended and amended in December 2019 (the **Multi-Option Facility Agreement**).

Under the Multi-Option Facility Agreement, ANZ Bank provides a \$55 million multi-option senior debt facility (comprised of both a revolving credit facility and a revolving cash advance facility) (the **Multi-Option Facility**) to Devine, which expires on 31 March 2022. The Multi-Option Facility is guaranteed by CIMIC Group Limited, Devine's majority shareholder through CRI, and other related parties of CIMIC, pursuant to a Deed of Guarantee – Devine Multi-Option Facility dated on or about 29 March 2018, as amended in December 2019.

No fees have been charged to Devine by CIMIC in connection with its support of these debt finance arrangements since 2016.

As at 31 May 2021, the Devine Group had drawn debt and bank guarantees of \$40.7 million under the facility, of which \$36.0 million has now been classified as a current liability due to its maturity being 31 March 2022.

CIMIC has stated in the Bidder's Statement that if following the close of the Offer, CIMIC has not acquired enough Devine Shares to proceed to compulsory acquisition of the remaining Devine Shares, CIMIC intends to review and assess the support provided to Devine in respect of these debt finance arrangements. Sections 2.2(c)(iv) and 5.14 include further information concerning the Multi-Option Facility and the potential impact of CIMIC reviewing its support for this debt facility.

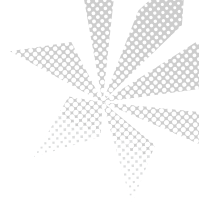
Devine Shareholders should refer to the 2020 Annual Report for more detailed disclosures in relation to Devine's financing and financial position.

e. Arrangements with CIMIC

The Devine Group has entered into joint ventures with CIMIC Group members in respect of the Stonehill project in Bacchus Marsh, Victoria, and the Hamilton Harbour project in Hamilton, Queensland. Information relating to these joint ventures is shared between the Devine Group and the CIMIC Group in the ordinary course.

Debt funding for the joint venture in respect of the Stonehill project in Bacchus Marsh, Victoria, is provided by CIMIC via Leighton Properties (\$3,100,000 balance as at 31 May 2021).

During FY2020, CIMIC Group Limited and its controlled entities invoiced the Devine Group amounts totalling \$179,977 in relation to Directors' fees, travel spaces and workspaces rented by the Devine Group in an office in Victoria. In addition, in FY2020, Devine implemented a new enterprise resource planning (**ERP**) system and is invoiced by CIMIC for the subscription fees and other products charged by Microsoft.



Also during FY2020, \$51,524 was invoiced by the Devine Group to CIMIC Group Limited and its controlled entities in respect of a sublease of Devine's head office. Further, in some prior years (and recommencing in 2021), Devine has seconded staff with excess capacity to other members of the CIMIC Group. Devine invoices those CIMIC Group members at cost for the use of Devine staff.

The Devine Group has also been supported by CIMIC through:

- > certain accounting, legal, treasury and information technology products and services, for which no fee has been charged;
- > insurance coverage (at no cost) under CIMIC's insurance umbrella for the majority of Devine's operational activities; and
- > competitive rates in respect of travel services as part of Devine's relationship with CIMIC.

However, the Bidder's Statement discloses that, during the Offer Period, operational support will not be provided by CIMIC to Devine to the extent it relates to the Offer or Devine's response to the Offer.

CIMIC has also stated in the Bidder's Statement that if following the close of the Offer, CIMIC has not acquired enough Devine Shares to proceed to compulsory acquisition of the remaining Devine Shares, CIMIC intends to review and assess the support provided to Devine in respect of this operational support. See Section 2.2(c)(iv) for further details.

f. Board of Directors

The Devine Board comprises the following members as at the date of this Target's Statement:

Name	Position
David Robinson	Chairman
George Sassine	Non-Executive Director
James Mackay	Executive Director

A summary of the qualifications and experience of the Directors is available on Devine's website at www.devinegroup.com.au/about/board-of-directors.aspx.

As noted in Section 1.1, no Director considers himself independent of CIMIC for the purposes of the Offer.

Having regard to the relationship between each of the Directors and CIMIC, when the Offer was made, the Devine Board considered it prudent to implement a protocol to manage the actual or potential conflicts of interests and duties that may arise in connection with the Offer.

In particular, this Directors' Protocol recorded the following arrangements:

- > prior to announcement of the Offer, CIMIC itself entered into an information barrier protocol which provides that, amongst other things, David Robinson and George Sassine must not be involved in or participate in the Offer on behalf of CIMIC;
- > CIMIC has confirmed that it expects that Directors of Devine must have regard to Devine Shareholders as a whole, and understands that the Directors of Devine will give particular consideration to the interests of Non-Associated Devine Shareholders when responding to the Offer;
- > CIMIC has confirmed that it will not take any action to prevent the Directors of Devine discharging their duties to all Devine Shareholders; and
- > CIMIC has confirmed that it will not pursue the Directors of Devine in relation to any obligation, liability or duty to CIMIC that they may have to the extent they arise in relation to their consideration of, or response to, the Offer that are taken in good faith in the reasonable belief that they are required in order to discharge directors' duties.

TARGET'S STATEMENT

6 INFORMATION IN RELATION TO DEVINE (CONTINUED)

g. Senior management

The senior management team comprises the following members as at the date of this Target's Statement:

Name	Position
James Mackay	Chief Executive Officer, Chief Financial Officer and Company Secretary
Andrew Brimblecombe	General Manager, Devine Communities
Warren Thomson	General Manager, Marketing & Sales

A summary of the qualifications and experience of the senior management team is available on Devine's website at www.devinegroup.com.au/about/senior-executive-team.aspx.

6.2 Risk factors associated with the Devine business

In considering this Target's Statement and the Offer, Devine Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Devine.

This Section outlines some of the potential risks and uncertainties associated with Devine's business, both specific to Devine and of a more general nature. Each of these risks could, if they eventuate, have a material adverse effect on Devine's business, financial condition, operating and financial performance and return to shareholders. Many of these risks and the circumstances giving rise to these risks are outside the control of Devine, the Directors and management.

The risk factors set out below are not exhaustive. The risks described in this Section are not the only ones Devine faces - other risks may not be known to Devine, and some that the Directors currently believe to be immaterial may subsequently turn out to be material. One or more of a combination of these risks could materially impact Devine's businesses, operating and financial performance, the price of Devine Shares or the dividends paid on them. In addition, there are risks identified elsewhere in this Target's Statement which apply to those Devine Shareholders who remain as Devine Shareholders after the Offer, in particular, in relation to the consequences of CIMIC acquiring less than 90% of all the Devine Shares on issue (see Section 5.12) and the prospect of Devine de-listing (see Sections 2.2(c)(iv) and 5.13).

Devine Shareholders should carefully consider and evaluate Devine and its business and whether they should continue to hold Devine Shares, having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. Devine Shareholders should examine the full content of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement, and may wish to consult their financial or other advisers before deciding whether or not to accept the Offer.

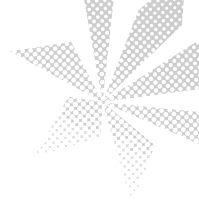
a. General market risks

The value and/or market price (if listed) of Devine Shares and the future distributions made to Devine Shareholders will be influenced by a number of factors that are common to most listed investments. At any point in time, these may include:

- > the Australian and international economic outlook;
- > movements in the general level of prices on international and the local stock markets;
- > changes in economic conditions including inflation, recessions and interest rates; and
- > changes in government fiscal, monetary and regulatory policies.

b. Primary business risks

Devine Shareholders will be exposed to risks associated with Devine's business activities. If the Devine Shares remain listed on ASX, the price of Devine Shares will also be affected by stock market participants' view of these risks. These risks include:



i. Trading and operations risks

The Devine Group's revenue and profits are reliant on achieving an acceptable level of sales of its products and not incurring any protracted interruptions to its normal operations. To manage this, the Devine Group has a diversified range of product offerings and operates in a number of growth corridors in the major markets in which it operates.

ii. Effective execution of its strategy

Devine's failure to deliver on or to effectively execute its stated strategy or its failure to redefine its strategy to meet changing market conditions could result in a decline in the value of Devine Shares and a loss of earnings.

iii. Availability of funding

The real estate investment and development industry tends to be highly capital intensive. The ability of Devine to raise funds on favourable terms for future refinancing, development and acquisitions depends on a number of factors including general economic, political, capital and credit market conditions.

The inability of Devine to raise funds on favourable terms for future acquisitions, developments and refinancing could adversely affect its ability to acquire or develop new properties or refinance its debt.

iv. Refinancing requirements

Devine is exposed to risks relating to the refinancing of existing debt instruments and facilities. Devine may experience difficulty in refinancing some or all of its debt facilities maturing over the coming years. The terms on which they are refinanced may also be less favourable than at present.

Devine's Multi-Option Facility described in Section 6.1(e) has been guaranteed by CIMIC. See Section 5.14 in relation to the effect of the Offer on Devine's current financing arrangements.

CIMIC has stated in the Bidder's Statement that if following the close of the Offer, CIMIC has not acquired enough Devine Shares to proceed to compulsory acquisition of the remaining Devine Shares, CIMIC intends to review and assess the support provided to Devine in respect of these debt finance arrangements.

If CIMIC, CRI or any other CIMIC Group member that is a guarantor decided to seek a release of its guarantee of the Multi-Option Facility before 31 March 2022 (when the Multi-Option Facility is currently due to expire), the Directors believe it is likely that this will have a significant impact on ANZ Bank's assessment of its willingness to continue to provide the Multi-Option Facility and there can be no assurance that ANZ Bank would provide an extension in this scenario.

If ANZ Bank does not agree to extend the Multi-Option Facility, the funds borrowed, including any bank guarantee issued, under the Multi-Option Facility (\$40.7 million as at 31 May 2021) will become repayable on 31 March 2022. There is no certainty in this scenario that alternative funding (equity or debt) will be found or that CIMIC will support any alternative funding arrangements (and if alternative debt funding was found, Devine may be subject to a higher interest rate than under the Multi-Option Facility). In such circumstances, Devine's ability to continue to operate as a going concern may be compromised. When preparing Devine's most recent financial statements on a going concern basis (for FY2020), the Directors had regard to the refinancing of the Multi-Option Facility in December 2019, including the fact that it does not contain financial covenants and is guaranteed by CIMIC.

It is also possible that ANZ Bank may agree to extend the Multi-Option Facility but require Devine to comply with financial covenants, provide security or accept the imposition of adverse terms and conditions in agreeing to the extension.

v. Forward looking statements and financial forecasts

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of Devine. For example, as part of Devine's business, Devine undertakes feasibility studies which involve certain assumptions that the business will perform as Devine expects.

TARGET'S STATEMENT

6 INFORMATION IN RELATION TO DEVINE (CONTINUED)

vi. **Property market**

Devine's earnings are subject to property market conditions. Increases in supply or falls in demand in any of the sectors of the property market in which Devine operates or invests could influence the acquisition of sites, the timing and value of Devine's sales and the carrying value of projects and income producing assets and this could affect earnings.

A sustained downturn in the residential property markets due to deterioration in the economic climate could result in reduced development profits. A decline in sales at Devine's residential property developments could affect Devine's revenue and financial position.

Market sentiment may be influenced by media commentary and observations by industry analysts. Market sentiment has a significant influence on the confidence of Devine's customers and their propensity to buy residential properties.

Perception may have a larger short term influence on project enquiry levels and rates of sale than medium term factors such as the likelihood of oversupply or undersupply in some market segments. Although project rates of sale may not have a significant influence on the profitability of individual projects in the medium/long term, a decline in market sentiment, which reduces rates of sale, could adversely influence the amount of profit that can be brought to account in a particular financial period.

vii. **Residential housing cycle**

Devine's operating cash flow is influenced by, amongst other things, residential land sale to builders, home owners and investors. A sustained downturn in the economic climates and/or capital availability for customers has the potential to reduce or delay Devine's cash flow receipts from sales or residential real estate.

viii. **Potential illiquidity**

Property assets are by their nature illiquid investments. Therefore, it may not be possible for Devine to dispose of assets in a timely manner. To the extent that Devine invests in properties for which there may be only a limited number of potential investors, the realisable value of those assets, if placed on market today, may be less than the full value indicated by Devine's expectations of future cash flows from the relevant properties.

ix. **Construction risks**

Completion of projects involves a number of typical construction risks including the failure to obtain necessary approvals, liquidated damages, potential litigation from third party parties, employee or equipment shortages, higher than budgeted constructions costs, the ability of customers to pay, insolvency events and project delays, which may impact the commerciality and economics of the project.

x. **Purchasers' settlement**

A failure of a significant portion of purchasers to settle on major development projects could affect the timing and amount of future earnings.

xi. **Land restocking**

Devine's inability to acquire major development sites in chosen geographical areas at an appropriate price could result in reduced land development profits.

xii. **Property values**

Unanticipated factors influencing the value of development trading stock held by the development businesses, such as those listed below, could impact on future earnings:

- > changes in the conditions of town planning consents applicable to Devine projects, as a consequence of the nature of government and statutory policies;
- > variances in the cost of development as a consequence of the imposition of levies by state and local government agencies;
- > the presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects;
- > the activities of resident action groups;



- > native title claims;
- > land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid; and
- > changes to the value of property developments currently in progress due to market conditions.

xiii. Joint ventures

Any failure by Devine to effectively structure and administer its joint ventures to meet its strategic initiatives and business objectives could result in reputational damage, major adverse financial outcomes, an inability to acquire major development sites and investment properties as well as increased exposure to legal, regulatory and tax risk.

xiv. Health and safety

Poor work practices particularly in the development and construction businesses resulting in fatality and/or serious injury or a failure to comply with the necessary health, safety and environmental regulatory requirements could result in reputational damage, fines, penalties and compensation for damages as well as poor staff morale and industrial action.

xv. Development risk

Part of Devine's business is to identify, analyse and invest in property development projects. Property development projects have a number of inherent risks in addition to those associated with acquisitions generally, including risks that:

- > appropriate planning consents are not obtained or, if obtained, are not properly adhered to;
- > development costs escalate beyond those originally anticipated;
- > project delays due to factors beyond the control of Devine;
- > any property development manager and/or subcontractor appointed to implement a property development project does not perform their role to a satisfactory standard or acts or fails to act in breach of contract;
- > competing property development projects adversely affect the overall return achieved by any property development projects undertaken by Devine, because they provide competitive alternatives for potential purchasers and potential lessees;
- > market conditions change during any development;
- > planning consents are not obtained or not as originally planned; and
- > suitable development opportunities cannot be sourced.

Although some of these risks can be mitigated, it is not possible to entirely remove the risks inherent in property development projects.

xvi. Energy sustainability and climatic conditions

Devine's failure to adequately respond to the impact of sustainable energy considerations and climate change and any associated legislative requirements and community expectations could result in litigation (if reporting requirements are not met) and reduced profit due to the impact of increased costs associated with implementing increased energy efficiency. Devine would also be adversely impacted by a loss of market share if building designs do not address community expectations or match competitor products on sustainability issues.

Prolonged adverse weather conditions (such as those experienced in Australia in recent times, e.g. flooding and bushfires) may result in delays in construction, giving rise to possible project losses, liquidated damage claims and/or deferral of revenue or profit recognition.

TARGET'S STATEMENT

6 INFORMATION IN RELATION TO DEVINE (CONTINUED)

xvii. Taxation

Changes in income tax, GST or stamp duty legislation or other state or federal tax legislation or policy, particularly in regard to residential housing, property development activity and investment in income producing property may adversely affect Devine's profit. Any removal and/or reduction of the concessions for individuals in respect of capital gains tax or relating to negative gearing of income producing properties could have an adverse effect on Devine's sales or the value of its investments.

Due to the nature of Devine's development operations, which can involve complex financing structures and joint venture arrangements, the ATO periodically reviews and queries the taxation treatment of various transactions, which could result in additional tax being levied.

xviii. Accounting standards

Changes to Australian Accounting Standards could affect Devine's reported earnings performance in any given period and its financial position from time to time.

xix. Unemployment rate

Sales in residential projects may be negatively impacted by a sustained increase in the unemployment rate in Australia, particularly in key markets where Devine has residential projects. This impact could be through a reduction in the number of lots sold, in the value of lots sold and profit achieved.

xx. General economic conditions

Devine's operating and financial performance is affected by the general prevailing economic and business conditions, in Australia and globally. Economic conditions may be affected by the level of inflation, interest rates, consumer confidence, commodity prices, ability to access funding, supply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a material adverse impact on Devine's operating and financial performance.

xxi. COVID-19 pandemic

Numerous industries, and the Australian economy as a whole, have been affected by the effects of the ongoing COVID-19 pandemic.

In the medium to long term, the direct effects of COVID-19 and measures introduced by the state and federal governments in Australia to limit the spread of COVID-19 may have a materially negative impact on economic growth in Australia, including the potential for further significant impacts on capital markets, share prices and the availability of finance. This may have an adverse impact on Devine's operating and financial position.

xxii. Inflation rates / interest rates

Higher than expected inflation rates generally or specific to the property industry could be expected to increase operating costs and impact on demand and development costs. These cost increases may be able to be offset by increased selling prices. Increases in interest rates could have the effect of reducing the availability or increasing the cost of finance for the purchase of properties by Devine's customers. Interest rates also impact on Devine's cost of funds.

xxiii. Competition

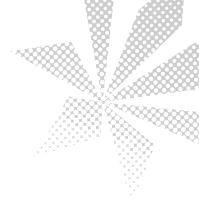
Devine may be negatively affected by prices for existing properties or services being inflated via competing bids by prospective purchasers.

xxiv. Fixed nature of significant costs

Significant expenditures associated with investments by Devine, such as interest payments, maintenance costs, employee costs and taxes are generally not reduced when circumstances cause a reduction in income from investment.

xxv. Regulatory risk

Devine operates in a highly regulated environment and is subject to a range of industry specific and general legal and other regulatory controls. Regulatory breaches may affect Devine's operational and



financial performance, through penalties, liabilities, restrictions on activities and compliance and other costs. In addition, changes in government regulations and policies at all levels of government (including government land development, public housing and first home buyer assistance, regional buyer grants and tenancy laws) and delays in the granting of approvals or the registration of subdivision plans may affect the amount and timing of Devine's future profits.

xxvi. Litigation and disputes

Legal and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute may impact earnings or affect the value of Devine's assets.

Devine is currently party to ongoing litigation in the ordinary course of business that is typical for a company that operates in the property industry, specifically in the area of community development and creation, and house, apartment and mixed use projects. See Section 8.7 for further details about a claim brought by a third party for misleading and deceptive conduct in pre-contract representations relating to a completed construction project against the Devine Group, in which the third party is seeking monetary damages of approximately \$12.5 million.

xxvii. Environment

The discovery of, or incorrect assessment of costs associated with, environmental contamination on any of Devine's projects could have an adverse effect on the profitability and timing of receipt of revenue from that project.

xxviii. Cybersecurity

Devine relies on integrated information technology (IT) systems for its day-to-day operations, including project managements and communicating with buyers and suppliers. A cyber attack or data breach within Devine's IT network could lead to exposure, loss of critical assets and sensitive information, or reputational harm for the company.

xxix. Insurance

Devine generally enters into contracts of insurance that provide a degree of protection over assets, liabilities and people.

While such policies typically cover against material damage to assets, contract works, business interruption, general and professional liability and workers compensation, there are certain risks that cannot be mitigated by insurance, either wholly or in part, such as nuclear, chemical or biological incidents or risks where the insurance coverage is reduced or unavailable, such as cyclones or earthquakes.

Devine also faces the risk that insurers may not be able to meet indemnity obligations if and when they fall due, which could have an adverse effect on earnings.

Further, insurance may be materially detrimentally affected by global market conditions such that insurance becomes more expensive or in some cases, become unavailable.

xxx. Legacy warranties and insurance claims from constructions business

As a result of a strategic review, Devine has not commenced any new construction contracts since the decline in financial performance of the segment in 2015. As required by law, Devine provides warranties for Category 1 structural defects for all assets constructed for its customers mainly in relation to residential housing and apartment construction generally for a period of 6.5 to 10 years from the date of practical completion. Devine continues to manage these warranties for its legacy residential apartments which could incur a claim and result in additional costs for Devine. Devine manages this risk by holding a provision on its balance for these warranties. These provisions may be for amounts less than Devine's ultimate exposure under such warranty claims.

Additionally, Devine is also pursuing a number of contractual and insurance claims for the reimbursement of costs arising from its residential tower construction contracts which may result in legal proceedings if not settled commercially, which could result in adverse financial and reputational effects for Devine.

TARGET'S STATEMENT

7. TAXATION INFORMATION

7.1 Overview

The following is a general outline of the Australian tax consequences that may apply for certain Devine Shareholders who dispose of their Devine Shares by accepting the Offer.

It does not take into account the specific circumstances of any particular Devine Shareholder. Accordingly, Devine Shareholders should not rely on this general outline in deciding whether or not to accept the Offer. Devine Shareholders should consult their own independent tax adviser regarding the tax consequences of accepting the Offer to take into account their specific circumstances.

This outline reflects Australian law and practice as at the date of this Target's Statement. This general outline does not take into account anticipated changes in the law after the date of this Target's Statement, whether by way of judicial decision or legislative action, nor does it take into account tax legislation in countries apart from Australia.

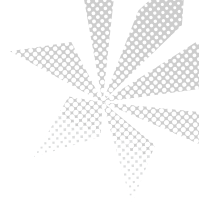
This outline does not apply to all Devine Shareholders. It only applies to Devine Shareholders that hold their Devine Shares on capital account. It does not apply to Devine Shareholders that:

- a. hold their Devine Shares on revenue account (for example, as trading stock, in the course of carrying on a business or for the purposes of re-sale for a profit);
- b. are subject to special taxation rules (e.g. insurance companies and tax exempt organisations);
- c. acquired their Devine Shares under an employee share scheme or option scheme;
- d. are subject to the application of the taxation of financial arrangement provisions in relation to their Devine Shares; or
- e. are temporary residents of Australia for the purposes of the Australian tax legislation.

This outline also does not address Devine Shareholders that are partnerships, persons that are partners of such partnerships or persons that are beneficiaries of a trust that is a Devine Shareholder. If a partnership or trust is a Devine Shareholder, the partners of such partnership or the beneficiaries of such trust should consult their own tax advisers with respect to the applicable Australian tax consequences to them of the partnership or the trust (as applicable) accepting the Offer.

Furthermore, this outline does not address trusts that are subject to special tax regimes, such as trusts that are taxed as companies or trusts that are "attribution managed investment trusts".

Devine Shareholders that are not residents of Australia for tax purposes should seek their own independent professional advice regarding the tax consequences under the laws of their country of residence, as well as under Australian law, in relation to the Offer.



7.2 Capital gain or loss on disposal

Outlined below is a guide for calculating the capital gain or loss that a Devine Shareholder may make on the disposal of Devine Shares:

CGT asset	Each Devine Share constitutes a separate asset for CGT purposes. Devine Shareholders will need to separately consider the consequences of the disposal of their Devine Shares, which were acquired in different parcels at different times.
CGT event	A Devine Shareholder that accepts the Offer and whose shares are transferred to CIMIC will have disposed of their Devine Shares for Australian CGT purposes. The time of the CGT event should be the time when the Devine Shareholder accepts the Offer.
Capital gain	If the capital proceeds received by a Devine Shareholder from the disposal of a Devine Share exceed the cost base of that share, the Devine Shareholder may make a capital gain.
Capital loss	<p>If the capital proceeds received by a Devine Shareholder from the disposal of a Devine Share are less than the reduced cost base of that share, the Devine Shareholder should make a capital loss.</p> <p>A capital loss may be used to offset a capital gain made in the same income year and a net capital loss may be carried forward to be offset against future capital gains subject to meeting any applicable loss utilisation rules (refer section below entitled "Amounts included in assessable income").</p>
Devine Share treated as having been acquired prior to 20 September 1985	However, a capital gain or capital loss made from the disposal of a Devine Share that is treated for CGT purposes as having been acquired prior to 20 September 1985 is disregarded.
Capital proceeds	The capital proceeds for a Devine Share should include the money, and the market value of any other property, a Devine Shareholder is entitled to receive from the disposal of the Devine Share.
Cost base and reduced cost base	<p>The cost base (and reduced cost base) of a Devine Share should generally include the cost of acquisition plus certain non-deductible incidental costs of acquisition and disposal (for example, brokerage and stamp duty, and certain other costs such as professional advisers fees).</p> <p>If a Devine Shareholder acquired a Devine Share before 11.45am on 21 September 1999, it may be possible to index expenditure incurred at or before that time in working out the cost base (but not the reduced cost base) of the Devine Share. If a Devine Shareholder chooses to calculate their cost base with reference to indexation, the CGT discount would not be available.</p> <p>Certain amounts are excluded from, or may reduce, the "reduced cost base" for the purposes of calculating a capital loss.</p>
Amounts included in assessable income	<p>A taxpayer is required to reduce the capital gains they made during the income year by any capital losses made during the year and any net capital losses from earlier years. If there are any remaining capital gains (after being reduced by the CGT if applicable, as described below), the taxpayer will have a net capital gain. Alternatively, if there are any remaining capital losses, the taxpayer will have a net capital loss.</p> <p>Any net capital gain for the income year is included in the taxpayer's assessable income.</p> <p>Net capital losses may not be deducted against other assessable income, but may be carried forward to be offset against capital gains made in future income years. The ability of companies to utilise carry forward net capital losses is subject to certain utilisation tests and companies should seek their own independent professional advice as to how these rules may apply, having regard to their particular circumstances. Net capital losses cannot be carried back to offset capital gains made in earlier income years.</p>
CGT discount	<p>The CGT discount may apply to reduce a qualifying Devine Shareholder's capital gain made from the disposal of a Devine Share (after reducing the capital gain by any available capital losses).</p> <p>Broadly, a Devine Shareholder may be able to apply the CGT discount to the extent that they acquired their Devine Share for CGT discount purposes at least 12 months prior to the time of the CGT event (excluding the date of acquisition and the date of the CGT event).</p> <p>Individuals and trusts may be entitled to a CGT discount of 50% while complying superannuation entities may be entitled to a CGT discount of 33 1/3%. As discussed above, if a Devine Shareholder chooses to index their cost base, the CGT discount is not available.</p> <p>The CGT discount is generally not available to companies.</p>

TARGET'S STATEMENT

7 TAXATION INFORMATION (CONTINUED)

Foreign Devine Shareholders

A capital gain or loss made on the disposal of a Devine Share by a Devine Shareholder that is a non-resident for Australian tax purposes should be disregarded unless the Devine Share is taxable Australian property. A Devine Share will be taxable Australian property if:

- > the Devine Share is an "indirect Australian real property interest", which will be the case if: (a) the Devine Shareholder (together with any associates) holds, or has held throughout a 12 month period during the 24 months preceding the disposal, 10% or more of the Devine Shares on issue; and (b) the Devine Shares satisfy the "principal asset test" (broadly, this test will be satisfied if the sum of the market values of Devine's assets that are taxable Australian real property exceeds the sum of the market values of Devine's assets that are not taxable Australian real property);
- > the Devine Share was used by the Devine Shareholder in carrying on a business through an Australian permanent establishment at any time; or
- > the Devine Shareholder made an election to treat the Devine Share as taxable Australian property when they ceased to be an Australian tax resident.

Any non-resident Devine Shareholders that hold, or have held, 10% or more (either on a stand-alone basis or with their associates) of the Devine Shares on issue should obtain specific advice on the Australian tax consequences of disposing of their Devine Shares.

7.3 Foreign resident CGT withholding

Under the foreign resident CGT withholding rules, a purchaser that acquires an indirect Australian real property interest (as described in section 7.2 above) in an off-market transaction is generally required to pay 12.5% of the purchase price to the Australian Taxation Office (ATO).

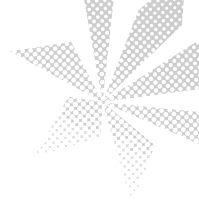
The amount of tax must be paid to the ATO on or before completion of the transaction. The seller receives a credit against its Australian tax for the amount paid by the purchaser to the ATO.

As discussed in section 7.4 of the Bidder's Statement, if CRI considers that these rules are enlivened in respect of a Devine Shareholder, it will use reasonable endeavours to contact the Devine Shareholder so that the Devine Shareholder has an opportunity to provide a notice to CRI that it is a resident of Australia or that its Devine Shares are not indirect Australian real property interests. If the Devine Shareholder does not provide such a declaration or CRI knows the declaration to be false, it will withhold 12.5% of the consideration under the Offer and remit that amount to the ATO.

7.4 Stamp duty and GST

Devine Shareholders that dispose of a Devine Share to CIMIC are not expected to incur any Australian stamp duty or be subject to GST on that disposal.

However, Devine Shareholders may be liable for GST on incidental costs associated with the sale (such as the brokerage charge).



8. ADDITIONAL INFORMATION

8.1 Other material information

The Target's Statement is required to include all the information that Devine Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- a. only to the extent to which it is reasonable for Devine Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- b. only if the information is known to any Director.

The Directors are of the opinion that the information that Devine Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- a. the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- b. the information contained in Devine's releases to ASX (including Devine's annual reports) prior to the date of this Target's Statement; and
- c. information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The information in this Target's Statement about CIMIC has been compiled from or is otherwise based on information obtained from CIMIC or publicly available sources, and has not been independently audited or verified by Devine or its advisers. If the information obtained from CIMIC or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- a. the nature of the Devine Shares (being fully paid ordinary shares);
- b. the matters that Devine Shareholders may reasonably be expected to know;
- c. the fact that certain matters may reasonably be expected to be known to Devine Shareholders' professional advisers; and
- d. the time available to Devine to prepare this Target's Statement.

8.2 Issued shares

The total number of Devine Shares as at the date of this Target's Statement is 158,730,556.

8.3 Substantial shareholders

The names of substantial Devine Shareholders, who have notified Devine in accordance with section 671B of the Corporations Act as at the date of this Target's Statement are set out below together with their interests as at the date when the relevant notification was given:

- a. CRI and CGI2 together hold 93,831,265 Devine Shares, being 59.11% of the Devine Shares on issue; and
- b. Brazil Farming Pty Ltd holds 32,616,388 Devine Shares, being 20.55% of the Devine Shares on issue.

TARGET'S STATEMENT

8 ADDITIONAL INFORMATION (CONTINUED)

8.4 Latest financial results and change of financial position

So far as known to any Director, the financial position of Devine has not materially changed between 31 December 2020 (being the last date covered by the 2020 Annual Report, Devine's last audited financial report) and 24 June 2021, the last business day before the date that this Target's Statement was printed, except as disclosed in this Target's Statement (including the guidance statement for the half year to 30 June 2021 in section 6.1 (a) and in the Independent Expert's Report in Annexure A) and in Devine's announcements to ASX since 31 December 2020, including the trading update contained in the Chairman's address to Devine Shareholders dated 26 May 2021 (which is set out in Section 6.1(a)).

8.5 Recent ASX disclosures by Devine

Since publishing its 2020 Annual Report to Devine Shareholders on 31 March 2021, Devine has made a number of announcements to ASX that may be relevant to its financial position.

A list of announcements released by Devine in the period from 31 March 2021 to 24 June 2021, the last business day before the date that this Target's Statement was printed, is set out at Annexure B.

8.6 Interests of Directors

a. Interests of Directors in securities in Devine

As at the date of this Target's Statement, no Director has any interest in securities of Devine, including Devine Shares.

b. Dealings by Directors in Devine securities

There have been no acquisitions or disposals of securities in Devine by any Director in the previous four months ending on the day preceding the date of this Target's Statement.

c. Interests of and dealings by Directors in CIMIC

As at the date of this Target's Statement:

- > David Robinson holds 1,489 fully paid ordinary shares in CIMIC Group Limited; and
- > no other Devine Director holds shares in CIMIC Group Limited.

There have been no acquisitions or disposals of securities in CIMIC by any Director in the previous four months ending on the day preceding the date of this Target's Statement.

d. Payments and benefits to Directors

As a result of the Offer and other than as referred to in this Target's Statement, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any Director, secretary or executive officer in connection with the loss of, or their resignation from, their office.

Other than as referred to in this Target's Statement, no Director has agreed to receive, or is entitled to receive, any benefit from CIMIC which is related to or conditional on the Offer.

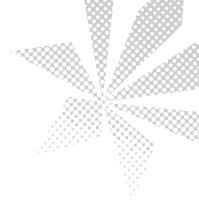
e. Conditional agreements

No agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of the Offer.

f. Interests in contracts with CIMIC

No Director has any interest in any contract entered into by CIMIC, except:

- > contracts that relate to their officer or executive positions with CIMIC; and
- > proximate to the time that James Mackay commenced as Chief Financial Officer of Devine, CIMIC committed to Mr Mackay that in the event that role became redundant, Mr Mackay would be offered a role within the CIMIC Group and on the basis that continuity of service will apply from the time he first commenced employment in the CIMIC Group (and made analogous commitments to him in relation to his employee entitlements).



8.7 Material litigation

Devine is party to ongoing litigation in the ordinary course of business that is typical for a company that operates in the property industry, specifically in the area of community development and creation, and house, apartment and mixed use projects.

Further, the focus of Devine Constructions has been the completion of existing projects and working through the resulting claims and counter-claims. Devine Constructions continues to work on these claims while maintaining its building licence and meeting its statutory warranty obligations.

In particular, a claim has been brought by a third party in the Supreme Court of Queensland against the Devine Group, alleging misleading and deceptive conduct in pre-contract representations relating to a completed construction project and seeking monetary damages of approximately \$12.5 million (the **Supreme Court Claim**). The Devine Group has filed its defence and counterclaim for an amount of approximately \$13.2 million. The trial in respect of the Supreme Court Claim (and accompanying counterclaim) is expected to commence in FY2021. The Directors believe that the Devine Group has good prospects of defending the Supreme Court Claim.

Other than the Supreme Court Claim, the Directors do not believe that Devine is involved in any litigation or dispute which is material in the context of the Devine Group taken as a whole.

8.8 Impact of the Offer on employee arrangements

As at the date of this Target's Statement, the Directors are not aware of any employee arrangements that would be affected by the Offer.

Devine does not currently have any active employee incentive share or option schemes.

8.9 Consents

a. Consent to be named

Ashurst has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Australian legal and tax adviser to Devine in the form and context in which it is named.

E&P Corporate Advisory Pty Limited has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Devine's investment banking adviser in the form and context in which it is named.

PricewaterhouseCoopers Securities Limited has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Expert in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Devine's Share Registry in the form and context in which it is named.

b. Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- i. does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- ii. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that party.

TARGET'S STATEMENT

8 ADDITIONAL INFORMATION (CONTINUED)

8.10 Reliance on ASIC Class Orders

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Devine has relied on this Class Order relief.

As permitted by ASIC Class Order CO 13/521, this Target's Statement contains statements which are made by CIMIC, or based on statements made by CIMIC, in documents lodged with ASIC or given to the operator of a prescribed financial market in compliance with the listing rules of the prescribed financial market (including the ASX). Pursuant to this Class Order, the consent of CIMIC to which such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements that:

- a. fairly represent what purports to be a statement by an official person;
- b. are a correct and fair copy of, or extract from, what purports to be a public official document; or
- c. are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to ASIC Corporations (Consents to Statements) Instrument 2016/72, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this Target's Statement. Accordingly, this Target's Statement contains share price data sourced from each of Bloomberg and Iress without its consent.

This Target's Statement includes references to the Bidder's Statement. CIMIC has not consented to these references being included in, or referred to, in the form and context in which they are included.

8.11 Miscellaneous

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by CIMIC or Devine. Any Devine Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Shareholder Information Line on 1300 128 974 (within Australia) or +61 3 9415 4310 (outside Australia) from Monday to Friday between 8.30am and 5.00pm (AEST).

Copies of announcements by Devine may also be obtained from its website at www.devinegroup.com.au.

8.12 Continuous disclosure

Devine is a 'disclosing entity' (as that term is defined in the Corporations Act) and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Devine to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Devine has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Devine Shares.

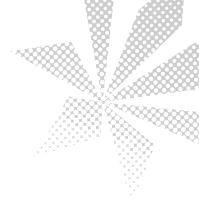
Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and Devine's website at www.devinegroup.com.au.

Copies of documents lodged with ASIC in relation to Devine may be obtained from, or inspected at, an ASIC office. Devine Shareholders may obtain a copy of:

- a. the 2020 Annual Report;
- b. the Half-Year Report;
- c. Devine's constitution; and
- d. any document lodged by Devine with the ASX between the release of the 2020 Annual Report and the date of this Target's Statement,

free of charge upon request by contacting Devine, or from the ASX website at www.asx.com.au. The documents noted above are also available on Devine's website at www.devinegroup.com.au.

Devine Shareholders are also encouraged to monitor the Devine website at www.devinegroup.com.au and the ASX website at www.asx.com.au for any updates on the Offer.



8.13 Regulatory approval

Other than as noted above, Devine has not been granted any modifications or exemptions by ASIC from the Corporations Act or ASX in connection with the takeover bid.

8.14 Date of Target's Statement

This Target's Statement is dated 28 June 2021, which is the date on which it was lodged with ASIC.

8.15 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors on 28 June 2021.

Signed for and on behalf of Devine by:

Mr David Robinson

Chairman

Date: 28 June 2021

TARGET'S STATEMENT

9. GLOSSARY

9.1 Definitions

2020 Annual Report means Devine's 2020 Annual Report.

Acceptance Form means the Acceptance Form provided to you by CIMIC with its Bidder's Statement containing instructions on how to accept the Offer.

Accepted Shares has the meaning given in the Bidder's Statement.

AEST means Australian Eastern Standard Time.

Announcement Date means 25 May 2021, being the date that CIMIC announced its intention to make the Offer.

ANZ Bank means Australia and New Zealand Banking Group Limited ABN 11 005 357 522.

ASIC means the Australian Securities and Investments Commission.

associate has the meaning given to that term in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the official listing rules of ASX.

Bidder's Statement means the replacement bidder's statement in relation to the Offer, prepared by CIMIC and dated 8 June 2021, which replaced the original bidder's statement in relation to the Offer, prepared by CIMIC and dated 31 May 2021.

business day has the meaning given in the ASX Listing Rules.

CGI2 means CIMIC Group Investments No. 2 Pty Limited (ABN 63 610 264 189).

CGT means capital gains tax.

CIMIC, for the purposes of this Target's Statement, means CRI together with CIMIC Group Limited.

CIMIC Board means the board of directors of CIMIC.

CIMIC Group means CIMIC Group Limited and its related bodies corporate.

CIMIC Group Limited means CIMIC Group Limited (ABN 57 004 482 982).

Condition means the condition of the Offer as set out in section 9.9(a) of the Bidder's Statement, being the Minimum Acceptance Condition.

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

CRI means CIMIC Residential Investments Pty Ltd (ABN 97 124 839 069).

Devine means Devine Limited (ABN 51 010 769 365).

Devine Board means the board of Directors of Devine.

Devine Group means Devine and its subsidiaries.

Devine Share means an ordinary share in Devine.

Devine Shareholder means a registered holder of Devine Shares.

Directors means the current directors of Devine.

Directors' Protocol means the protocol to manage the actual or potential conflicts of interests and duties that may arise in connection with the Offer, adopted by the Board.

Encumbrance has the meaning given in the Bidder's Statement.

FY2020 means the financial year ended 31 December 2020.

FY2021 means the financial year ended 31 December 2021.

GST means the goods and services tax imposed under *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

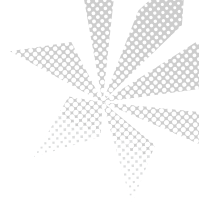
Half-Year Report means Devine's interim financial report for the half-year ended 30 June 2020.

Independent Expert means PricewaterhouseCoopers Securities Limited.

Independent Expert's Report means the report prepared by the Independent Expert as to whether the Offer is fair and reasonable.

Last Close Price means \$0.12 per Devine Share, being the price of Devine Shares on ASX at the close of trading on 24 May 2021, the last trading day before the Announcement Date.

Leighton Properties means Leighton Properties Pty Limited (ABN 41 009 765 379).



Minimum Acceptance Condition means the condition to the Offer that at the end of the Offer Period, CIMIC has:

- a. received valid acceptances in respect of at least 75% (by number) of the Non-Associated Devine Shares; and
- b. a relevant interest in at least 90% (by number) of Devine Shares on issue.

Multi-Option Facility means Devine's \$55 million multi-option facility provided by ANZ Bank pursuant to the Multi-Option Facility Agreement.

Multi-Option Facility Agreement means the multi-option facility agreement between Devine and ANZ Bank dated 29 March 2018 as amended from time to time.

Non-Associated Devine Shares means all Devine Shares except those Devine Shares in which CRI and its associates have a relevant interest at the beginning of the Offer Period.

Non-Associated Devine Shareholder means a registered holder of Non-Associated Devine Shares.

NTA means net tangible assets.

Offer means the takeover offer by CIMIC for Non-Associated Devine Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement (as varied from time to time).

Offer Period has the same meaning given in the Bidder's Statement.

Offer Price means \$0.24 cash per Devine Share.

Prior CIMIC Takeover Offer means the takeover bid made by CRI in November 2015 for all of the Devine Shares that CRI did not already own.

Register Date means 8.00am (AEST) on 1 June 2021.

related body corporate has the meaning given to it in the Corporations Act.

relevant interest has the meaning given to it in section 9 of the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the Devine Shares, whether directly or indirectly, including without limitation all rights to receive dividends (and any attaching franking credit), to receive or subscribe for shares, units, notes, options or other securities and to receive all other distributions or entitlements declared, paid, made or issued by Devine or any subsidiary of Devine after the Announcement Date.

Share Registry means Computershare Investor Services Pty Limited.

Target's Statement means this document (including any attachments), being the statement of Devine under Part 6.5 Division 3 of the Corporations Act.

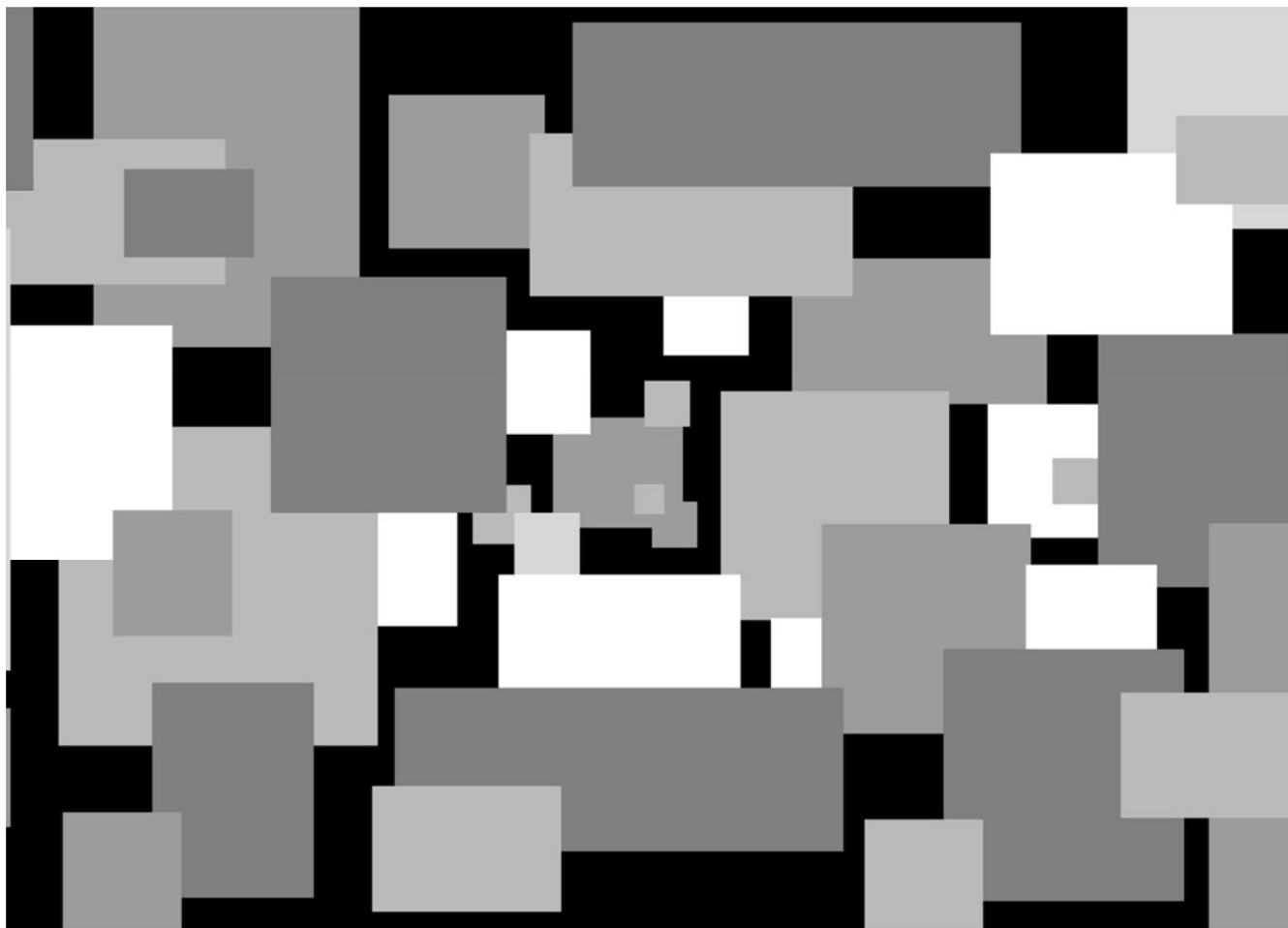
VWAP means volume weighted average price.

9.2 Interpretation

Unless the context otherwise requires:

- a. headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- b. words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- c. a reference to a "Section" or "Annexure" is a reference to a section or annexure of this Target's Statement;
- d. a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- e. the singular includes the plural and vice versa;
- f. the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- g. Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia.

ANNEXURE A



Independent Expert's Report

Devine Limited

25 June 2021



www.pwc.com.au

25 June 2021
Directors
Devine Limited
Level 1 KSD1
485 Kingsford Smith Drive
Hamilton QLD 4007

Dear Directors

Re: Proposed Takeover of Devine Limited

Introduction

1. On 25 May 2021 (Announcement Date), CIMIC Residential Investments Pty Ltd (CRI) announced its intention to acquire the 40.89% equity interest in Devine Limited (Devine, the Company or the Target) not already owned for a cash consideration of \$0.24 (Offer Price) for each ordinary share in Devine (Devine Share) (the Offer or the Consideration).
2. CRI is a wholly owned subsidiary of CIMIC Group Limited (CIMIC) and has a current shareholding in Devine of 59.11% prior to the Announcement Date. CIMIC is an international contracting company, and is currently listed on the Australian Stock Exchange (ASX).
3. If the existing individual shareholders of Devine excluding CIMIC or its controlled entities (the Non-Associated Shareholders) decide to accept the Offer, CIMIC will obtain full ownership of the Target.
4. The Directors of Devine have engaged PricewaterhouseCoopers Securities Limited (PwCS) to prepare an independent expert's report setting out whether, in its opinion, the Offer is fair and reasonable for Non-Associated Shareholders and to state reasons for that opinion.
5. This letter contains a summary of the opinion and main conclusions of PwCS and is extracted from the full independent expert's report, a copy of which (including this summary letter) will accompany the Target's Statement.

Our conclusion

The Offer is fair and reasonable

6. Our assessment of the Offer has been undertaken in accordance with the principles of Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111, Content of expert reports (RG 111).
7. An offer is fair if the consideration offered is higher or equal to the assessed value of the Target's shares on a controlling basis assuming 100% ownership of the Target. This assessment does not consider any bidder's previous equity ownership or investments held in the Target, an approach which is considered consistent with RG 111.
8. Comparing the value of the shares being acquired and the value of the consideration paid is only one element of the assessment. The reasonableness assessment of an offer is based on a range of factors set out in the Overview of the Offer and Basis of Our Assessment of this report.
9. In our opinion the Proposed Takeover is fair and reasonable. In arriving at this opinion, we have had regard to the following factors.

The Offer is fair

10. Set out in the table below is a comparison of our assessment of the Market Value of a Devine Share relative to the Consideration offered by CIMIC.

11. Table 1: Assessment of fairness

	Section	Unit	Low	High
Estimated Market Value of a Devine Share	4.1	\$	0.21	0.27
Estimated Market Value of the Consideration	1.1	\$	0.24	0.24
Premium / (Discount) of Consideration over a Devine share		\$	0.03	(0.03)
Premium / (Discount)		(%)	14%	(12%)

Source: S&P CapitalIQ, PwCS Analysis

12. On the basis that the Market Value of the Consideration per share is within the range of our estimate of the Market Value of a Devine Share, it is our opinion that the Offer is fair.

Valuation of Devine

13. We have estimated the Market Value of Devine by adopting a sum-of-the-parts approach to Devine's relevant interests. Our sum-of-the-parts approach predominately used the discounted cash flow methodology to value Devine's various ongoing projects of which largely forms the basis for Devine's enterprise value.

Table 2: Devine valuation summary

	Section	Unit	Low	High
Value of projects	4.3	\$m	66.2	76.3
Other assets & liabilities	4.4	\$m	3.2	3.2
Enterprise value range		\$m	69.4	79.5
Less: net debt & debt-like items	4.5	\$m	(36.3)	(36.3)
Equity value (controlling basis)		\$m	33.2	43.2
Number of shares on issue	3.3.1	#	158.73	158.73
Market Value per share		\$	\$0.21	\$0.27

Source: S&P CapitalIQ, PwCS Analysis

14. Our valuation range is wider than would normally be the case. This reflects the current uncertainty in predicting the future realisation of value associated with a number of projects held by Devine.
15. Our assessed Market Value per share range implies a discount to Devine's reported net tangible assets. This is due to the fact that Devine's assets predominately comprise of inventory, which is held at the lower of net realisable value or cost. Net realisable value is assessed on the future margin expected to be attributable to the project on an undiscounted basis (i.e. not taking into account the timing of when Devine may be able to realise this future margin or reflect the risk of achievement). One major project held by Devine has a long timeline to completion and as a result Market Value will be lower than the net realisable value due to the time value of money.
16. The discounted cash flow approach requires the determination of an appropriate discount rate and the projection of a series of future cash flows. In selecting the relevant discount rates for Devine's various interests, we assessed a nominal weighted average cost of capital (WACC) for Devine to be in the range of 9.5% to 11.5% to discount the estimated future cash flows to their present value.
17. Further details of our valuation of Devine are set out in section 4.

Valuation of the Consideration

18. We have valued the Consideration offered to Non-Associated Shareholders under the Offer at \$0.24 per share. This is a result of the certainty related to the Consideration being comprised of cash, and the fact that it is inclusive of any rights attached to Devine shares that may be distributed post the Announcement Date.

The Offer is reasonable

19. In accordance with RG111.11, the Offer is reasonable on the basis that it is fair. In addition, we consider the Offer to be reasonable after consideration of the below points.

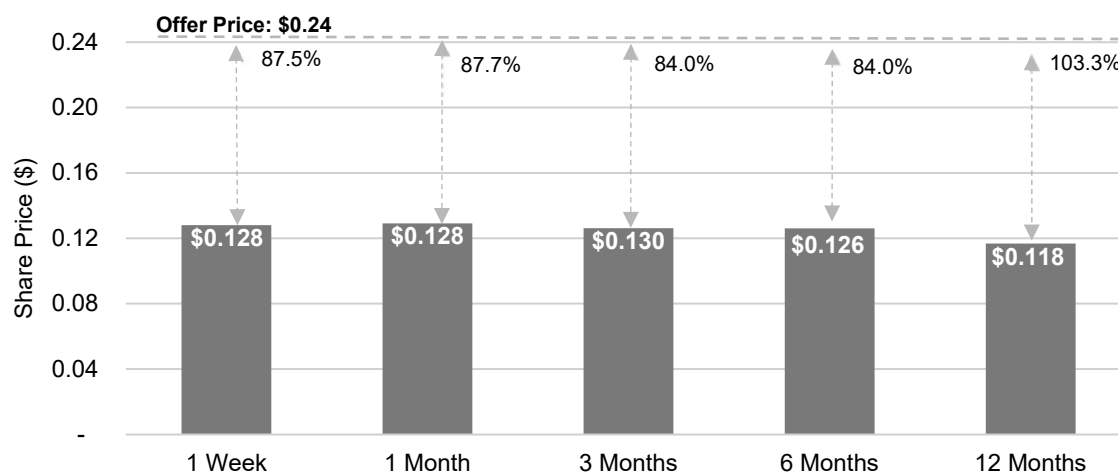
Non-Associated Shareholders will receive payment earlier than through a potential compulsory acquisition

20. Brazil Farming Pty Ltd (Brazil Farming), Devine's largest minority shareholder currently holds a relevant interest in Devine of 20.55%.
21. If Brazil Farming accepts the Offer CIMIC will only require just over 10% of the remaining interest to commence compulsory acquisition of all shares not currently owned by CIMIC. Although we cannot exclude the prospect of an alternative proposal or offer on better terms emerging, we believe that an alternative takeover offer is unlikely as any such offer would require CIMIC to agree to sell its shares. On this basis, we consider Non-Associated Shareholders are unlikely to receive a superior offer.
22. If Non-Associated Shareholders wait until a potential compulsory acquisition, they will receive payment later than through the Offer process.

The Offer is at a premium to the historical share price trading of Devine shares prior to the announcement of the Offer

23. Representative of high bid to ask spreads and low volumes traded, Devine shares are a relatively illiquid investment for Non-Associated Shareholders. Despite the level of illiquidity which limits the usefulness of the share price as an indication of Market Value for a Devine Share, quoted security prices in illiquid investments often represents a minority holder's only remaining option to realise the value associated with their investment. As such this Offer represents an opportunity for Non-Associated Shareholders to realise their illiquid equity investment with the certainty of cash consideration at a premium when compared to the historical share price trading prior to the Announcement Date and without incurring brokerage or transaction costs.

Figure 1: Implied premium of the Offer Price to Devine recent share trading

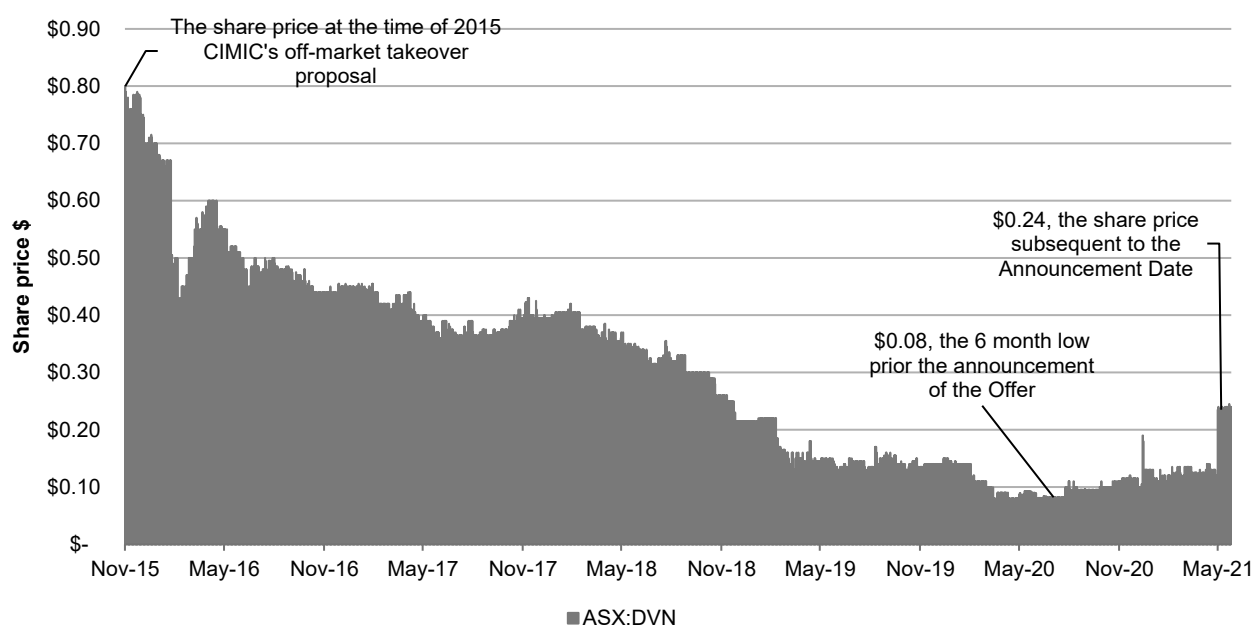


Source: Bloomberg, PwCS Analysis

If the Offer is not accepted, Devine's share price is likely to fall further

24. Devine's share price has substantially reduced relative to the share price observed subsequent to the announcement of CIMIC's failed off-market takeover proposal related to Devine in 2015. Upon the Announcement of the Offer the Devine Share price has increased and has traded in a range of \$0.235 to \$0.245 since then (based on closing share prices to 24 June 2021).
25. We consider that in the absence of the Offer being accepted, the Devine share price is likely to decrease in the short to medium term, reflective of the uncertainty surrounding Devine's viability as its funding arrangements with CIMIC as a guarantor are approaching maturity in early 2022.
26. If CIMIC ceased to be a guarantor to Devine's financing, and given Devine's recent historical operating losses, Devine may face difficulty in funding its day-to-day operations or be in a position to replenish its development pipeline with any new projects.

Figure 2: Devine Share price trading subsequent to CIMIC's failed proposed takeover in 2015



Source: S&P CapitalIQ, PwCS Analysis

CIMIC is likely to realise additional benefits from having 100% ownership in Devine

27. Our assessment of fairness has reflected certain benefits of control available to market participant buyers of Devine. However, it may be the case given CIMIC's close existing relationship with Devine which is evidenced by numerous joint venture agreements, that CIMIC is able to extract certain other benefits that are unique to CIMIC which are not taken into account in our assessment of fairness.

CIMIC already has control of Devine

28. CIMIC through its current ownership of 59.1% of the shares has control of Devine.
29. As a result, it is able to control the business operations of Devine and can thus influence the cash flows received by all shareholders and in particular Non-Associated Shareholders.
30. Given our assessment of fairness has been undertaken on a control basis, and acknowledging the fact we have formed the view that the Consideration is fair, it implies that Non-Associated Shareholders are receiving controlling value despite not having control.
31. In addition, the presence of a controlling interest in Devine reduces the likelihood of an alternative offer emerging.

Non-Associated Shareholders would forego potential upside of projects

32. If the Offer is accepted, the Non-Associated Shareholders would have no rights to any potential upside that may be realised from the underlying assets of Devine.

Other matters

33. This independent expert's report has been prepared solely for the benefit of the Directors of Devine and for the benefit of the Non-Associated Shareholders. Neither PwCS nor its employees, officers and agents undertake responsibility to any person, other than the Directors of Devine or the Non-Associated Shareholders, in respect of the independent expert's report, including any errors or omissions howsoever caused.
34. Devine has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Devine, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

Opinion

35. In our opinion, the Offer is fair and reasonable to Non-Associated Shareholders.
36. An individual shareholder's decision in relation to the Proposed Offer may be influenced by his or her particular circumstances. If in doubt the shareholder should consult an independent adviser, who should have regard to their individual circumstances.
37. Our opinion is made at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report attached.

Yours faithfully



Richard Stewart

*Authorised Representative
PricewaterhouseCoopers Securities Ltd*



Meredith Chester

*Authorised Representative
PricewaterhouseCoopers Securities Ltd*

Table of Contents

1. Overview of the Offer	8
1.1. Overview of the Offer	8
1.2. Basis for our assessment	8
2. Industry overview	11
2.1. Land Development and subdivision industry in Australia	11
3. Overview of Devine	15
3.1. Profile of Devine	19
3.2. Financial information	19
3.3. Capital structure	22
4. Valuation of Devine	28
4.1. Valuation summary	28
4.2. Selection of valuation approach and other considerations	29
4.3. Value of Devine's projects	31
4.4. Other assets and liabilities	35
4.5. Equity value adjustments	35
4.6. Valuation cross-checks	38
5. Evaluation of the Offer and conclusion	42
5.1. Assessment of fairness	42
5.2. Assessment of reasonableness	42
5.3. Conclusion	44
Appendices	45
Appendix A. - Qualifications and declarations	46
A.1. Qualifications	46
A.2. Declarations	46
A.3. Purpose of report	46
A.4. Special note regarding forward-looking statements and forecast financial information	46
A.5. Indemnity	47
A.6. Consent	47
A.7. APES 225 "Valuation Services"	47
Appendix B. - Sources of information	48
Appendix C. - Comparable listed companies	49
Appendix D. - Comparable transactions	51
Appendix E. - Discount rate	53
Appendix F. - Glossary	54
Appendix G. - Financial services guide	56
G.1. PricewaterhouseCoopers Securities Ltd	56
G.2. About us	56
G.3. This financial services guide	56
G.4. Financial services we are licensed to provide	56
G.5. General financial product advice	56
G.6. Fees, commissions and other benefits we may receive	56
G.7. Associations with issuers of financial products	56
G.8. Complaints	57
G.9. Compensation arrangements	57
G.10. Contact details	57

1. Overview of the Offer

1.1. Overview of the Offer

38. On 25 May 2021 (the Announcement Date), CIMIC Group Limited (CIMIC) through its wholly owned subsidiary CIMIC Residential Investments Pty Limited (CRI) announced its intention to acquire the 40.89% equity interest in Devine Limited (Devine) not already owned at a price of \$0.24 cash consideration (the Offer) for each Devine Share pursuant to an off-market takeover and Chapter 6 of the Corporations Act.
39. Under the Offer, eligible Devine shareholders, other than CRI or a related body corporate of CIMIC (the Non-Associated Shareholders), will receive \$0.24 per Devine Share. Devine currently has a total of approximately 158.7 million shares on issue. Of these, approximately 93.8 million shares are held by CRI (equal to 59.11% of the issued ordinary share capital of Devine).
40. On 31 May 2021, CIMIC lodged the Bidder's Statement (Bidder's Statement) and a Supplementary Bidders Statement on 8 June 2021 in relation to the Offer announcing that Non-Associated Shareholders should accept the Offer on the basis that the Offer represents:
 - a. a 100.0% premium to the last close price of Devine Shares on 24 May 2021 (prior to the Announcement Date) of \$0.12 per Devine Share;
 - b. the enabling of investors to exit all of their shareholding in Devine without the need to pay brokerage fees; and
 - c. certainty with cash consideration.
41. The Offer is subject to a minimum acceptance condition which includes:
 - a. CRI receiving valid acceptances in respect of at least 75% (by number) of shares held by Non-Associated Shareholders as at the close of a determined offer period (the Offer Period); and
 - b. CRI holding an interest in at least 90% (by number) of the total Devine Shares on issue at the close of the Offer Period.
42. The Offer Consideration will be reduced by any amount or value of any rights (such as dividends) attaching to the Devine Shares in respect of which the Offer is accepted, which arise or are paid on or after the Announcement Date, which CIMIC does not receive.
43. If at the close of the Offer Period CIMIC holds a relevant interest of 90.0% of the total Devine Shares on issue, its intentions are to proceed with compulsory acquisition in accordance with provisions of Chapter 6A of the Corporations Act and to arrange for Devine to be delisted from the ASX.
44. CIMIC is a global contractor with diversified operations across construction, mining, infrastructure, civil services and public private partnerships. CIMIC, previously known as Leighton Holdings Limited, has been established since 1899 and has been listed on the Australian Stock Exchange (ASX) since 1962. CIMIC currently employs approximately 32,000 people and operates across 20 countries throughout Asia Pacific, the Middle East, Africa and America. CIMIC is currently a member of the ASX/S&P 200 with a market capitalisation of approximately \$6.6 billion as at the close of trading on the last Trading Day prior to the Announcement Date.
45. The Board have unanimously recommended that Non-Associated Shareholders accept the Offer in the absence of a superior proposal.
46. The Directors of Devine have engaged PricewaterhouseCoopers Securities Ltd (PwCS) to prepare an independent expert's report setting out whether, in its opinion, the Offer is fair and reasonable and to state reasons for that opinion.

1.2. Basis for our assessment

47. The proposed merger of Devine by CIMIC is to be affected by a way of an off-market takeover bid by offering a cash consideration of \$0.24 paid for each ordinary share in Devine not already owned (being

the Offeror the Consideration). Takeovers are governed by Chapter 6 of the Corporations Act 2001 (Corporations Act). Before the Offer can proceed, it must be considered and accepted by Non-Associated Shareholders.

48. Section 640 of the Corporations Act requires a target company to obtain an independent expert report when the bidder's voting power in the target is at least 30% of the target or when the bidder and the target have common directors. An independent expert must state whether, in the expert's opinion, the offer is fair and reasonable and setting out the reasons for that opinion.
49. CIMIC and its related parties such as CRI hold an interest of more than 59% of the issued capital of Devine. In addition to this interest, there are currently no members of the Devine Board that are independent. Accordingly, there is a requirement under the Corporations Act for an independent expert's report to be prepared in connection with the Offer under Section 640. We have therefore been requested to prepare an independent expert's report stating whether, in our opinion, the Offer is fair and reasonable and set out reasons for that opinion.

1.2.1. Our approach

50. This report has been prepared in accordance with the Corporations Act and Australian Securities and Investments Commission (ASIC) Regulatory Guide 111, Content of expert reports (RG111).
51. We have prepared this independent expert's report for the purpose of stating, in our opinion, whether or not the Offer is fair and reasonable, and to set out reasons for that opinion.
52. RG111.10 indicates that an expert evaluating a control transaction effected by way of a takeover bid should undertake a form of analysis which considers whether the transaction is "fair and reasonable".
53. RG111 discusses the separate concepts of "fair" and "reasonable" to be applied by an independent expert assessing an offer. An offer is regarded as "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. An offer is "reasonable" if it is "fair" or despite not being "fair", but after considering other significant factors, Non-Associated Shareholders should accept the offer in the absence of any higher bid before the close of the offer.
54. RG111.11 (b) requires that the assessment of fairness of a control transaction under Section 640 of the Corporations Act compares the value of the consideration to the value of the securities being given up assessed on a controlling interest basis assuming 100% of the securities were available for sale. The Regulatory Guides reflect ASIC's underlying philosophy that the premium for control of a company be shared by all members of that company.
55. In evaluating the reasonableness of the Offer, we have considered other significant factors for Non-Associated Shareholders in relation to the Offer including the likelihood of another offer being received on better terms and the likely position of Devine Shareholders if the Offer is rejected. Other factors to be considered are as follows:
 - a. the bidder's pre-existing voting power in securities in the target;
 - b. other significant security holding blocks in the target;
 - c. the liquidity of the market in the target's securities;
 - d. taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
 - e. any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target;
 - f. the likely market price if the offer is unsuccessful and;
 - g. the value to an alternative bidder and likelihood of an alternative offer being made.
56. Market Value is defined as the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable timeframe.

1.2.2. Sources of information

57. In preparing this report, we have used and relied on the information set out in Appendix B and representations made by Devine.
58. We have conducted checks, enquiries and analyses of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is accurate, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld by Devine. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit or review of Devine in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.
59. The achievement of any prospective financial information prepared by Devine has been relied on by PwCS for the purposes of our assessment of the Offer and is not warranted or guaranteed by us. This information is based on predictions of future events, many of which are outside the control of Management (the management of Devine Limited), and is therefore inherently uncertain. Actual results and outcomes may differ materially from the forward looking information provided to us and reflected in this report.
60. Our assessment has been made as at the date of our report. Economic conditions, market factors and changes in exploration or development potential may result in the report becoming outdated. We reserve the right to review our assessments and, if we consider it necessary, to issue an addendum to our report, in the light of any relevant material information which subsequently becomes known to us prior to the closure of the Offer.
61. All value amounts in the report are denominated in Australian dollars (\$) unless otherwise stated. Financial tables may be subject to rounding.
62. We have provided draft copies of this independent expert's report to the Board for their comments as to factual accuracy, as opposed to opinions, which are our responsibility alone. The Board's review has not changed the methodology or conclusions reached by us.

1.2.3. General advice

63. In preparing this report, we have considered the interests of the Non-Associated Shareholders. This report contains only general financial product advice and does not consider the personal objectives, financial situation or needs of Non-Associated Shareholders. An individual's decision in relation to accepting or not accepting the Offer may be impacted by the individual's particular circumstances and Non-Associated Shareholders may wish to obtain personal financial product advice from their financial adviser.

1.2.4. Scope exclusions

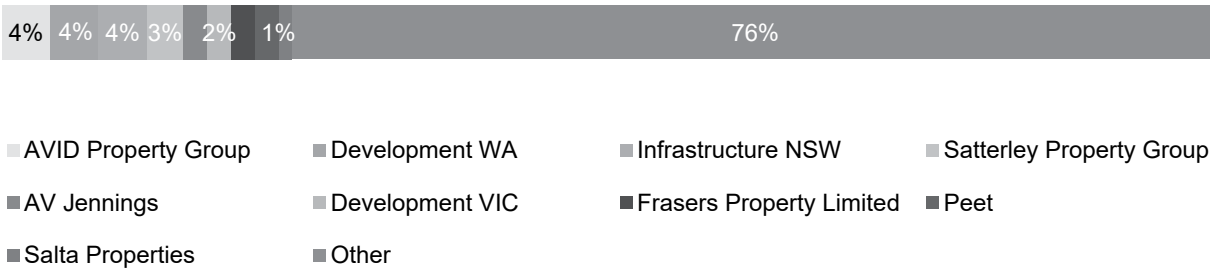
64. This report has been prepared solely for the purpose of assisting Non-Associated Shareholders to consider whether or not to accept the Offer. This report has not been prepared to provide information to parties considering the purchase or sale of securities in Devine or CIMIC. Accordingly, we do not assume any responsibility or liability for any losses suffered as a result of the use of this report contrary to the provisions of this paragraph.

2. Industry overview

65. Devine operates predominately as a land developer in the wider Australian residential property industry with its major projects located within regional Queensland, Victoria and South Australia. We have set out an overview of the land development industry in addition to detailing key trends and drivers of performance below.

2.1. Land development and subdivision industry in Australia

66. Companies that operate within the land development and subdivision industry are primarily involved in developing, subdividing and amalgamating land into lots that are ready for sale. Land development typically involves performing excavation work for installing roads and utility lines, including sub-dividing land into single unit housing projects and estates.
67. Key external drivers that impact performance within the industry include the demand from the residential market, dwelling commencements, population growth and housing affordability. These key external drivers collectively impact the total number of lots sold or released (volumes) in addition to lot pricing which collectively drives industry revenue. Margins in the industry are driven predominately by the volumes and pricing relative to land acquisition, development and holding costs.
68. With minimal barriers to entry and a medium level of capital intensity, the industry is highly fragmented across non-government land property developers such as Devine in addition to state government owned agencies and related organisations (such as Development WA, Infrastructure NSW, Economic Development Queensland (EDQ), and Development VIC). Small-scale enterprises and family trusts however account for the majority of market share (based on total industry revenue) within the industry, with sole proprietors and partners comprising of approximately 90% of all industry participants.
69. We have provided an overview of the current competitive landscape for the land development industry below as reported by IBISWorld, highlighting no single entity comprises more than 5.0% of total market share.
70. Figure 3: Largest industry participants, land development and subdivision



Source: IBISWorld Land Development and Subdivision in Australia E3211

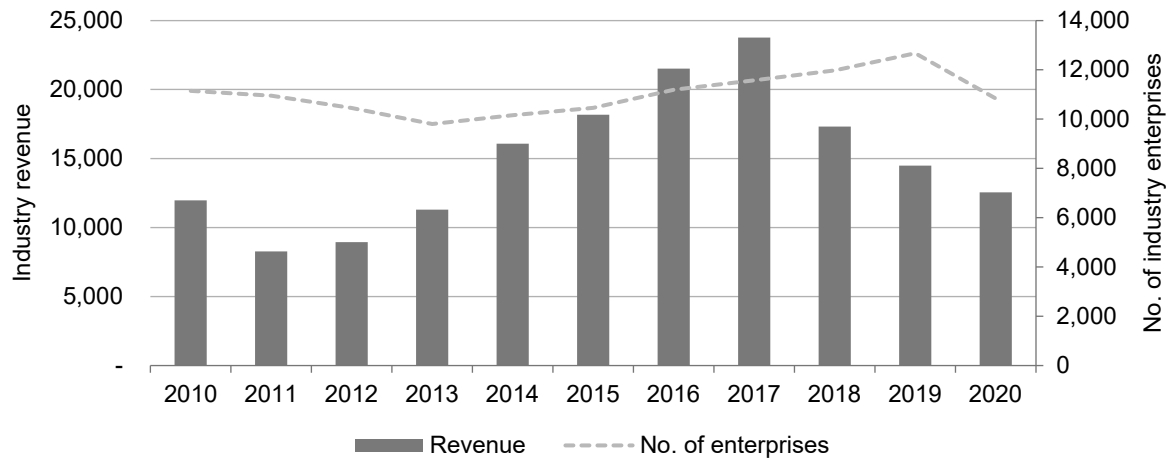
2.1.1. A historical shift in demand away from single-unit housing reduced industry revenue

71. As the industry is primarily centred around development of greenfield land for residential purposes, historical performance (before the onset of COVID-19) has been constrained by a growing population trend in urbanisation that has led residential building construction companies to seek higher density apartment developments in capital cities relative to developing traditional single-unit housing in low-density regional areas.
72. These changes in housing preferences over the last decade has resulted in a significant reduction in sales volumes for land developers, leading to industry revenue declining at a compound annualised

growth rate of 13.3% over the five year period through to 2020 despite increases in land prices within the same period across Australia's major states.

73. As total industry revenue decreased, the number of industry participants have also decreased following the exit of many small-scale developers in addition to increased consolidation of larger companies as observed in the Villa World and AVID Property Group merger in 2019 and the Payce Consolidated and Bellowest merger in 2016.

74. Figure 4: Industry revenue and no. of enterprises over time in financial years

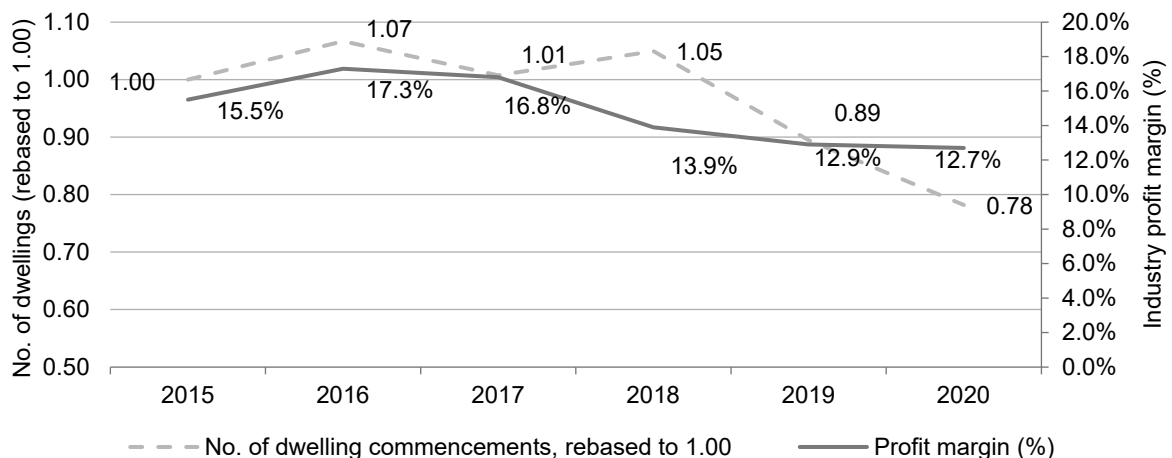


Source: IBISWorld Land Development and Subdivision in Australia E3211

2.1.2. Falling volumes resulted in a deterioration of profit margins

75. The consistent decrease over the last decade in the number of dwelling commencements and lots being released resulted in industry profitability deteriorating over the last five years from an estimated profit high in 2015-16 at 17.3% of revenue to 12.7% of revenue in the 2020 financial year.
76. The decline in margins has also been a result of price sensitivity within the greenfield market due to the lack of differentiating factors in lots within the same region.
77. Despite this reduction in industry profitability, many larger private operators and public-sector agencies have restructured operations and significantly reduced fixed cost exposure relative to previous years to stabilise margins. In addition to this right-sizing of the workforce, generally favourable market conditions such as record-low interest rates prevented the further deterioration of margins in recent years.

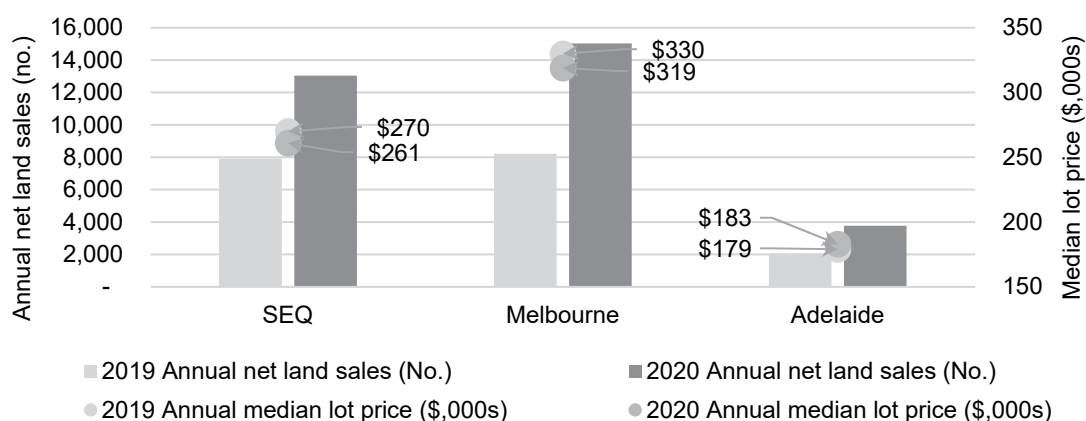
Figure 5: Industry revenue and no. of dwelling commencements



Source: IBISWorld Land Development and Subdivision in Australia E3211

2.1.3. The industry rebounded significantly from the economic impacts of COVID-19

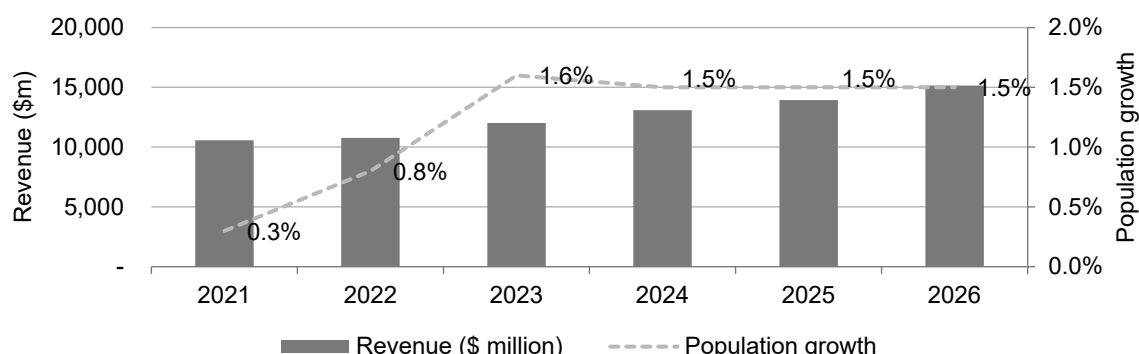
78. The onset of the coronavirus in 2019 (COVID-19) inflicted severe economic distress across a large number of sectors within the Australian economy. Initially the land development and subdivision industry was impacted due to increased construction delays and costs due to global supply chain disruption and increased operational challenges as new social distancing regulations were implemented which limited the number of land development sites.
79. In response to these issues and a significant decline in activity the government released HomeBuilder in June 2020, a stimulus package specifically aimed at increasing economic activity within the residential property development and construction industry. The package was supplemented by other broad stimulus packages such as the JobKeeper scheme which provided further economic relief to sectors and businesses severely impacted by COVID-19 measures.
80. HomeBuilder provided eligible Australian owner-occupiers with grants to build new properties, substantially renovate an existing property or purchase off the plan housing. As at 31 March 2021, the Australian government had received over 121,000 applications for HomeBuilder and the stimulus package quickly bolstered demand in the residential property industry. This surge in demand was particularly prevalent in greenfield land sites where the stimulus package was the most eligible.
81. In addition to stimulus packages, the COVID-19 pandemic also triggered the rise of remote work in corporate Australia as many companies closed offices in high risk urban centres. This shift in remote work began to reverse the growing population trend towards urbanisation, resulting in a further increase in demand for greenfield land sites as more of the population did not require close access to city centres.
82. In conjunction with the government policy response, the Reserve Bank of Australia responded to the COVID-19 induced recession by significantly reducing interest rates to all-time record lows in Australia. These market conditions enhanced margins for developers such as Devine that operated with significant leverage, and supported increased volumes as a rise in mortgage affordability led to further demand in lot sales.
83. As the health risks related to the COVID-19 pandemic in Australia started to be contained, demand further increased as rising consumer sentiment was coupled with favourable affordability dynamics.
84. The resulting upswing produced the two highest quarters of greenfield lot sales in the National Land Survey's history, with a record 691 residential projects registering lot sales in the September 2020 quarter. Despite the significant spike in demand, pricing did not increase substantially, and prices observed remained below 2019 pre-COVID-19 levels.
85. The graph below sets out the annual lot sales and prices for greenfield land in Devine's primary markets SEQ, Melbourne and Adelaide below which highlights the substantial increase in sales volumes in 2020.
86. Figure 6: COVID-19 impact on greenfield land sales and lot prices in the 2020 calendar year



Source: State of the Land 2021 UDIA National Residential Greenfield and Apartment Market Study March 2021

2.1.4. Favourable market and economic conditions have positioned the industry for future growth

87. As described earlier above, the latter half of 2020 as described by the UDIA saw the wider Australian property market experiencing some of the most favourable market and economic conditions witnessed in over a decade¹. Low interest rates, pent-up demand and a recovering economy has resulted in record growth in greenfield lot sales with SEQ and Melbourne volumes ranging from 30% to 55% above decade long averages.
88. Although the recent surge in demand is expected to unwind as pent-up demand subsides, the industry outlook continues to be positive due a number of external factors outlined in more detail below.
- Increasing demand from the residential market:** the onset of the COVID-19 pandemic reversed a decade long shift towards increased population concentration within urban centres. The surge in demand for greenfield land sites (partially driven by more of the Australian population being able to work remotely) resulted in available stock drop away by 39.0%, with current stock levels as at 31 March 2021 now equal to approximately two months of trading for greenfield land developers according to the Urban Development Institute of Australia (UDIA). Although the UDIA has reported that demand will begin to normalise over the coming periods, the recent surge is expected to attract increased interest from the residential market in the coming years.
 - Favourable economic conditions are increasing housing affordability:** Australia has historically observed a deterioration in housing affordability due to stagnant wage growth and substantial increases in dwelling prices. However low interest rates, high levels of household savings and increases in wage growth across a range of sectors has led to an increase in overall housing affordability. This increased housing affordability is expected to result in continued sales growth in the medium term.
 - As international borders gradually reopen, population growth is expected to normalise:** Population growth is a significant driver of demand for new dwellings in Australia, with net overseas migration (NOM) accounting for 56% of demand historically reported by the UDIA. The closing of borders and migration has reduced average population growth in Australia from its normalised level of around 1.5% per annum to 0.3% per annum in 2021. IBISWorld is currently forecasting population growth to normalise by 2023 which will expand industry revenue through higher housing demand.
 - Land values are anticipated to increase in the coming years with increased competition:** Strong growth in median land values is anticipated to drive industry performance over the next five years as population growth normalises and competition increases for greenfield parcels of land in growth corridors adjacent to capital cities. The higher anticipated land prices are expected to increase margins on land developers with existing stock at desirable site locations.
89. Noting the above factors, IBISWorld expects industry revenue to increase at an annualised compound rate of 7.5% over the next five years as outlined in the figure below.
90. Figure 7: Forecast revenue and population growth from 2021 to 2026



Source: IBISWorld Land Development and Subdivision in Australia E3211

¹ State of the Land 2021 UDIA National Residential Greenfield and Apartment Market Study March 2021

3. Overview of Devine

3.1.1. Profile of Devine

91. Devine Limited (Devine or the Company) is an ASX listed residential property developer based in Queensland. At the peak of the Company's growth phase, Devine had operations spanning a large segment of the residential property sector including businesses in home building, strata management, mortgage origination, tower construction and property development in addition to its current core operations as a land developer.
92. After adopting a revised strategy and outlook following the reconstitution of its Board in 2016, the Company now focuses on its core ongoing projects in land development for residential communities.
93. We have set out a brief history of Devine and an overview of its current operations below.

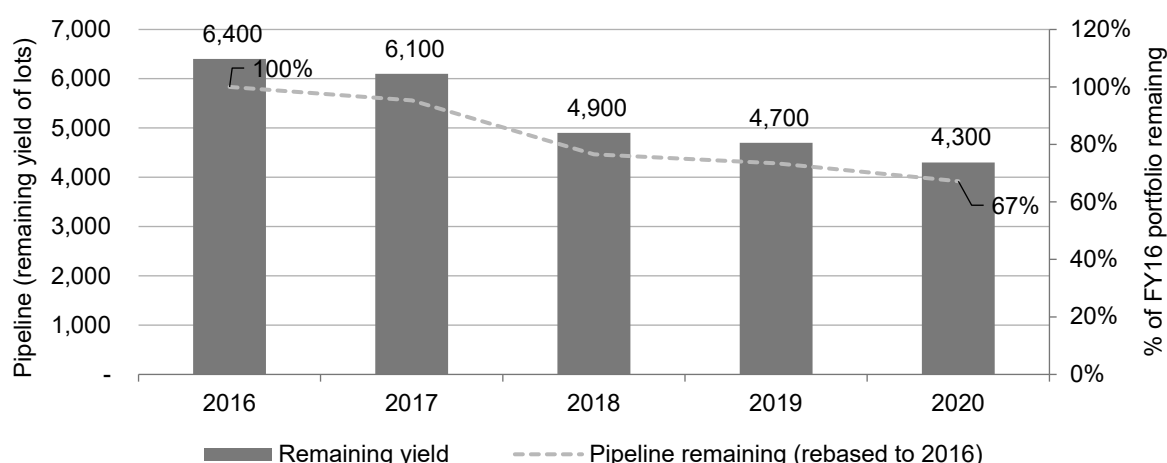
3.1.2. Company history

94. Devine was established in 1983 when the Company began primarily as a home builder and later moved into becoming a land developer in Queensland with a focus on selling small-scale home and land estates (greenfield land). On the back of growth in the Company, it was listed on the Australian Stock Exchange (ASX) in 1993.
95. In 1997, the Company completed its acquisition of Pioneer Homes to expand its home building operations. Further, the Company increased its capability by developing medium to high density apartments (Devine Developments). Between 1997-2003 Devine completed numerous developments with projects such as the Cathedral Place and River Place in Brisbane, and Victoria Point Docklands in Melbourne.
96. In 2005, the Company established an in-house construction division (Devine Constructions) and completed its first construction project with Charlotte Towers in Brisbane. During the same year, the Company also completed several acquisitions and establishment of businesses in property funds management, commercial property projects, strata management and mortgage origination.
97. In 2007, CIMIC purchased a 40.0% stake in the Company for \$95.6 million through the issue of new shares. CIMIC and Devine subsequently setup a series of joint venture agreements (JVs), with its most notable land acquisition being the Hamilton Harbour site in Brisbane.
98. The onset of the Global Financial Crisis in 2009 had a severe economic impact on the Australian property development sector as deteriorating market sentiment resulted in a sharp reduction in prices and volumes. Devine's non-core businesses faced financial difficulties with its non-core operations outside land development returning significant operating losses.
99. In 2010 the Company transitioned back to traditional property and land development within its core Queensland market, and in 2011 the Company purchased a large land development site in Gladstone (Riverstone Rise). CIMIC subsequently increased its stake in Devine to 50.01% in the same year with increased Management oversight in relation to the Company's strategic direction.
100. In 2014, Board initiated a formal sale process of a 100.0% stake in Devine as it sought new funding to carry out its existing projects and commitments following a series of discussions with CIMIC. Early in 2015, the Board terminated the sale process after having received a number of conditional bids, none of which progressed into an unconditional offer for the Company.
101. In November 2015 CIMIC proceeded with an off market takeover offer to acquire all of the outstanding shares not already owned with an original off market takeover offer price of \$0.75 and an improved final offer price of \$0.81 subject to obtaining a relevant interest of at least 90.0% in Devine and subject to the satisfaction of certain other conditions. During the same period of public takeover discussions with CIMIC, Devine received an alternative proposal of a non-binding indicative offer to acquire all of the shares for \$0.91 per Devine Share by Forum Partners Investment Management LLC via a proposed scheme of arrangement.

102. The takeover offer failed to obtain a level of acceptances that would have entitled CIMIC to move to 100% control. As a consequence, CIMIC increased its interest to 59.1% through acceptances of the offer.
103. The failed takeover coincided with the alternative proposal by Forum Partners Investment Management LLC being subsequently rejected by CIMIC, and CIMIC proceeding with a reconstitution of the Devine Board. Devine revised its strategy to focus on returning profitable outcomes within its Communities segment and reduce exposure in its remaining construction, housing and multi-unit apartment segments.
104. In the subsequent years to 2020, Devine's remaining pipeline of land and apartment lots substantially reduced through sale of existing land stock and this stock not being replenished through the acquisition of new sites.
105. In 2021, with the Company continuing to report financial losses and also subject to potential funding issues with the Company's debt facilities approaching maturity, CIMIC announced its intentions to proceed with another takeover offer for all the remaining shares in Devine it does not currently own with an offer price of \$0.24.

3.1.3. Operations

106. As highlighted above, Devine's operations have historically encompassed a large portion of the wider Australian property development sector with Devine having varied operations across a diversified portfolio of downstream and upstream businesses. However, with exception of a single remaining parcel of land for apartment development in Hamilton Harbour (Brisbane), Devine's remaining residential development pipeline relates predominately to greenfield land sales in growth corridors within Queensland, Victoria and South Australia.
107. With Devine now concentrating on executing profitable outcomes on its existing land development projects, it has significantly reduced its workforce from over 100 personnel in 2016 to 13 staff as at June 2021 as its construction and high-density development businesses are no longer active.
108. As noted above, the reduction of its workforce has coincided with a steady depletion of its residential development pipeline. Devine has completed no new land acquisition in its Communities segment since the Gladstone site in 2011.
109. We have presented the trend in Devine's residential pipeline below, highlighting the pipeline has decreased by approximately 33.0% since 2016.
110. Figure 8: Devine's total residential development pipeline



Source: Devine Annual Reports 2016-2020

3.1.4. Segments

111. Devine has historically operated within four segments. Devine Communities (Communities), Devine Housing (Housing), Devine Development (Apartments) and Devine Construction (Construction). In addition to these segments, Devine has a corporate function which holds central overheads for the Company.
112. Following the adoption of a revised strategy Devine has focused on its core capabilities as a land developer. As a result of this Devine's operations in its Construction and Housing segments have been unwinding over time, with income in recent periods related to the settlement of legacy claims and releasing of various provisions related to past projects. Currently, the Communities segment is Devine's only revenue producing segment with an observable pipeline of future development stock (inventory or yield).
113. With regards to its operations in the Apartments segment, Devine's only current development site is the KSD2 site in Hamilton Harbour. The site is the last portion of a mixed commercial and residential use site in the riverside suburb of Hamilton in Brisbane with current development approval for 224 residential apartments. This site status however is currently idle as it has not found a committed end-investor or lessee and as such Management has not progressed with any formal development plans to commence the project.
114. With the Communities segment being Devine's only segment that produces revenue and operational cash flow to the Company, we have outlined further details on this segment below.

3.1.4.1. Communities (Land development & subdivision)

115. The Communities segment acts primarily as a developer of greenfield land. Communities focuses primarily on developing master plans for new residential low-density communities.
116. The segments' services include the residential community development and integration of supporting amenities and infrastructure (such as roads and utilities), subdivision of developed land into multiple lots and estates and preparing land for use within residential housing construction.
117. Communities primarily generates revenue through the sale of individual lots of land in addition to house and land packages. With house and land packages, Devine works with external builder partners for the sale of completed packages, whereas individual lot sales relate to sales of developed land only.
118. Communities currently has a number of existing projects with remaining yield (pipeline lots of land remaining) within growth corridors adjacent to Brisbane, Melbourne, Adelaide, Townsville and Gladstone. Projects are undertaken either wholly owned, or developed under joint venture agreements (JVs) .
119. Below is a breakdown of Devine's remaining yield (the development pipeline of lots not currently sold at its existing land development sites) split up by geographic market. The figure highlights the remaining lots are predominately held within Queensland (concentrated at the Gladstone site).
120. Figure 9: Remaining yield by primary market as at 31 May 2021



Source: Devine Management Information, PwCS analysis

121. With respect to Devine's specific remaining projects, we have provided an overview below.

122. Table 3: Major Projects (Communities)

State	Project Name	Location	Project Structure	Remaining Yield	Remaining Yield (%)	Expected Completion
QLD	Riverparks	Townsville	Devine Owned	498	57%	Mid 2028
QLD	Riverstone Rise	Gladstone	Land Management Agreement	2480	91%	2046
QLD	Mountview	Redbank Plains	Devine Owned	2	0%	Late 2022
QLD	Brookside	Redbank Plains	Devine Owned	2	1%	Late 2022
VIC	Stonehill	Bacchus Marsh	Equity Accounted Joint Venture	553	38%	Late 2025
VIC	Newbridge	Wallan	Equity Accounted Joint Venture	33	4%	2021
SA	Orleana Waters	Evanston Gardens	Land Management Agreement	314	39%	Late 2025
SA	Mawson Green	Meadows	Devine Owned	73	36%	Late 2022

Source: Devine Management Information

3.1.4.2. Apartments (Multi-unit developments)

123. The Apartments segment (previously known as Devine Developments) relates to the development of both apartments and mixed-use developments in medium to high density areas.
124. Devine's main competitors within this segment are Australian listed developers, local subsidiaries of large international developers, and private local property developers.
125. The Apartments segment hasn't acquired any new land since 2015. Currently, the only existing project within the existing development pipeline is the "Hamilton Harbour, KSD2" project (KSD2).
126. The KSD2 project is a joint venture with Leighton Properties (CIMIC Subsidiary), and is the final stage of the Hamilton harbour residential and mixed-use project in the riverside suburb of Hamilton. The KSD2 site has a development approval for 224 residential apartments, however Management are currently of the view that its highest and best use is commercial and Management are proceeding with plans to develop the site as a commercial office building (with an anchor tenant) which forms the basis of its current feasibility study.
127. The land for this site was originally purchased in 2008 with the original feasibility study based on the implementation of a fund through development model which requires an end investor and a lessee on the completion of the development. Currently Devine has been unable to lock in an end investor or lessee and as such the project remains idle.

3.1.4.3. Corporate and divisional overhead

128. In addition to its Communities and Apartments segments, Devine has an overhead division relating to centrally held shared services for the Company including the executive management team and costs associated with being listed on the ASX (shareholder communications, share registry, listing fees, and director fees). These fees are not allocated down to an individual project level.

3.2. Financial information

3.2.1. Profit and loss

129. The reported operating performance of Devine for the three financial years ended 31 December 2018, 2019 and 2020 are summarised in the figure below.

Table 4: Statement of Profit or Loss for the year ended 31 December

AUD in millions	Audited 2018	Audited 2019	Audited 2020
Continuing operations			
Revenue	41.6	17.5	36.0
Cost of properties sold (excluding impairments)	(30.2)	(13.2)	(25.1)
Inventory impairments (net of write-backs on settlements)	(39.4)	(15.1)	1.4
Gross margin	(28.0)	(10.7)	12.3
Other revenue	15.3	0.6	0.4
Expenses, excluding finance expenses	(14.1)	(12.0)	(20.4)
Share of net profit of joint ventures accounted for using equity method	3.8	1.8	3.0
Finance income	0.0	0.2	0.3
Finance expenses	(0.9)	(0.3)	(0.2)
Loss before tax from continuing operations	(23.9)	(20.4)	(4.5)
Income tax (expense)/benefit	-	-	-
Loss after tax from continuing operations	(23.9)	(20.4)	(4.5)
One-off items			
Asset impairments (net of release of impairments)	39.4	15.1	(1.4)
Recovery of insurance proceeds	(14.5)	(0.3)	(0.4)
AASB 15 cumulative catch-up adjustment	(9.3)	-	-
Normalised profit / (loss) from continuing operations	(8.3)	(5.6)	(6.4)
Normalised margin (%)	(20%)	(32%)	(18%)
KPIs			
Residential land sales	316	186	218
Residential land settlements	329	204	414
Apartment sales	30	1	-
Apartment settlements	43	4	-

Note: Table may not sum due to rounding

Source: Devine 2020, 2019 and 2018 Annual Reports, PwCS Analysis

130. With regard to Devine's recent financial performance, we note that Devine suffered financial losses in each of the last three historical years preceding the 2021 financial year (albeit these losses have progressively reduced).
131. We have outlined a number of the drivers impacting Devine's financial performance below:
- Devine's construction and development pipeline completed the remainder of its projects in 2018 and 2019 as the Company's residual stock in multi-unit apartment developments were progressively sold. Additionally there was a decline in revenue within the Communities segment with a decline in settlements at the Mountview, Stonehill and Wallan sites.
 - Devine's revenue and business model is largely subject to its Communities segment completing the varying development phases at its existing development sites. In the case of Riverstone and Riverparks throughout the 2018 to 2020 period, revenue was largely dependent on changes in demand with these sites having excess stock available for potential purchasers.

- c. As such, Devine's volumes and sales are also impacted by changes in broad market sentiment observed in the wider Australian residential property market. This impacted settlements generated from its Communities segment in 2018-2020 as its Gladstone and Townsville sites experienced substantially lower demand than forecasted which is aligned to the low level of confidence in these regional markets during this period.
- d. Devine's total reported project related expenses have fluctuated significantly from 2018 to 2020. This is largely due to impairments at sites such as Riverparks (\$22.5 million in 2018) due to reduction in forecast sales prices and increases in cost escalation expectations, and Mountview (\$7.5 million in 2018) due to Management's decision to sell the Stage 2 as an englobo site rather than pursuing further development in addition to a reduction in yield and a revised infrastructure credit position. Devine's cost base is also subject to the varying levels of construction costs as projects progress through different phases of planned site development.
- e. In late 2020, the Company's performance and revenue followed the broader recovery in the residential market as favourable market conditions including record low interest rates and the Federal Government's HomeBuilder stimulus policy resulted in an increase in demand for greenfield land. This resulted in increased sales across Devine's portfolio relative to the prior year.
- f. Devine also reported a number of one-off items including the settlement of large pieces an englobo land parcel at Newbridge, a catch-up adjustment related to the application of AASB 15 (Revenue from Contracts with Customers), impairments due to development difficulties at various sites and the recovery of insurance proceeds from legacy construction projects. Due to these items being one-off in nature we have presented a view of Devine's normalised profitability excluding these items above.

3.2.2. Cashflow

132. We have set out a summary statement of Devine's cashflow positions as at 31 December 2018, 2019 and 2020 in the following table.

133. Table 5: Statement of Cash flow for the year ended 31 December

AUD in millions	Audited 2018	Audited 2019	Audited 2020
Receipts from customers (inclusive of goods and services tax)	47.1	20.0	40.5
Payments to suppliers and employees	(28.5)	(20.8)	(41.1)
Interest received	0.0	0.1	0.2
Interest and borrowing costs paid	(2.0)	(1.4)	(1.0)
Net cash inflow/(outflow) from operating activities	16.7	(2.1)	(1.4)
Payments for plant and equipment	(0.0)	(0.0)	-
Payments for investments in joint ventures	(0.3)	(0.2)	(0.0)
Net loans to joint ventures	(13.3)	(1.8)	(3.9)
Repayment of loans by joint ventures	7.3	3.9	7.3
Equity distributions received from joint ventures	1.4	0.1	-
Net cash inflow/(outflow) from investing activities	(4.9)	2.1	3.3
Proceeds from borrowings	4.2	2.0	1.8
Repayment of borrowings	(14.8)	(1.1)	(2.0)
Repayment of lease liabilities	-	(1.4)	(1.2)
Net cash outflow from financing activities	(10.6)	(0.5)	(1.4)
Net increase/(decrease) in cash and cash equivalents	1.1	(0.6)	0.5
Cash and cash equivalents at the begin. of the financial year	0.3	1.4	0.8
Cash and cash equivalents at end of the financial year	1.4	0.8	1.3

Note: Table may not sum due to rounding

Source: Devine Annual Report, Devine Board Pack-21, PwCS Analysis

134. We note the following observations in relation to Devine's historical cash flow:

- a. Devine's operational cash flow is driven by settlements and sales within its Communities Segment which has followed the broader demand in residential property. As noted above, Devine's operational cash flow is also impacted by projects entering different phases of the development
- b. Cash flow from investing activities have largely consisted of cash flows associated with loans from JVs and repayment of loans by Devine to JVs. As noted earlier above, Devine has not recently expanded its existing pipeline of lots which has resulted in minimal cash outflows related to investing activities as its existing projects unwind.
- c. Devine's cash flows related to financing activities predominately relate to Devine periodically paying down its existing debt obligations as required.

3.2.3. Statement of financial position

135. The summary statement of Devine's financial position as at 31 December 2018, 2019 and 2020 is set out in the following table.

Table 6: Statement of Financial Position

AUD in millions	Audited Dec-18	Audited Dec-19	Audited Dec-20	Apr-21
Cash and cash equivalents	1.4	0.8	1.3	1.8
Trade and other receivables	17.6	12.8	10.5	8.5
Contract assets	3.7	3.9	3.7	3.3
Inventories	23.0	15.0	14.1	13.2
Prepayments	0.9	0.8	0.5	0.2
Total current assets	46.6	33.3	30.1	27.0
Trade and other receivables	-	0.1	-	0.3
Contract assets	4.9	5.3	4.7	4.2
Inventories	71.9	58.7	53.9	53.9
Investments accounted for using the equity method	21.9	23.7	26.7	32.0
Property, plant and equipment	0.2	0.5	0.1	0.4
Intangible assets	3.3	3.3	3.3	3.3
Total non-current assets	102.2	91.6	88.7	94.0
Total assets	148.8	124.9	118.8	121.0
Trade and other payables	12.7	10.3	10.8	15.1
Lease liabilities	-	1.4	0.3	0.3
Interest bearing loans	-	-	-	36.7
Provisions	2.6	1.4	1.7	1.1
Total current liabilities	15.3	13.1	12.9	53.2
Trade and other payables	-	0.1	-	-
Lease liabilities	-	0.3	0.0	0.4
Interest bearing loans	36.0	36.9	36.7	0.0
Provisions	3.5	1.4	0.5	1.0
Total non-current liabilities	39.5	38.7	37.2	1.4
Total liabilities	54.8	51.8	50.1	54.7
Net assets	94.0	73.1	68.7	66.3

Key balance sheet ratios	Dec-18	Dec-19	Dec-20	Apr-21
Net tangible assets (NTA) / \$ per ordinary share	0.57	0.44	0.41	0.40
Debt to equity	58.3%	70.9%	72.9%	82.5%

Note: Table may not sum due to rounding

Source: Devine Annual Report, Devine Board Pack-21, PwCS Analysis

136. With regard to Devine's overall financial position we note that the Company's net tangible assets (NTA) has substantially reduced over the above period. This has been the result of impairments at key sites

within the Communities segment as a result of project specific issues such as lower than expected demand, higher development costs than previously forecasted, changes in development strategies (e.g. shifting to englobo sale basis rather than develop out in order to realise cash and reduce risk), and changes to regional competition that subsequently impacts pricing.

137. As noted in the Cash Flow section above, excess cash for the Company has been utilised to pay-down its existing debt obligations however declining inventory values has resulted in the gearing on a debt to equity basis increasing from 58.3% to 82.5%.
138. With reference to Devine's specific balance sheet items we note:
- a. Devine's capital base is predominately comprised of inventory. Inventories relate to land held for sale considering capitalised acquisition and development costs. Over the historical period, Devine's inventory balance has reduced as a result of impairment and the depletion of its development pipeline which has also resulted in a reduction of capitalised development costs.
 - b. The trade and other payables balances has marginally decreased over the three-year period. This is mainly due to a reduction in construction and land development costs following completion of construction projects and reduced development activities. In addition, advances from joint ventures have been continuously repaid over this period which has also contributed to a lower payables balance.
 - c. Contract assets predominately relate to revenue associated with land development agreements which is earned conditional on successful completion of project milestones (including the transfer of risk and rewards of ownership to a third party).
 - d. Investments accounted for using the equity method relate to Devine's JVs at Stonehill and Newbridge - Wallan sites within the Communities segment, the last remaining Apartments site at Hamilton Harbour KSD2 in Brisbane and Devine's residual investment in the Mode Apartments JV.
 - e. Devine's trade receivable balance is predominately comprised of amounts related to Devine's JVs and related parties to these JVs.
 - f. Interest bearing loans relate to Devine's external long-term unsecured debt facility and have remained relatively stable throughout the observed historical period. However, with Devine's debt facilities approaching maturity in 31 March 2022, the total balance of these obligations are now classified as a current liability as at April 2021.

3.3. Capital structure

3.3.1. Shareholder distribution

139. As at the date of this report, the issued capital of Devine comprised of 158.7 million ordinary shares.
140. Devine does not currently have any options outstanding.
141. Ownership of Devine is highly concentrated amongst the top 10 Devine Shareholders with the top 10 Shareholders holding 89.5% of the total ordinary shares. CIMIC Residential Investments (a wholly owned subsidiary of CIMIC) is the majority Shareholder with a relevant interest of 59.1%.

Table 7: Top 10 Devine Shareholders

Rank	Name	Shares (millions)	% held
1	CIMIC Residential Investments	93.8	59.1%
2	Brazil Farming Pty Ltd	32.6	20.6%
3	Mr Orlando Berardino Di Iulio & Ms Catharina Maria Koopman	5.0	3.0%
4	Takita Exploration Pty Limited	2.2	1.4%
5	Mrs Janet Blackhouse	2.2	1.4%
6	Mr Sean Anthon Dennehy	2.0	1.2%
7	J P Morgan Nominees Australia Pty Limited	1.5	1.0%
8	Mr Graham Neil Stuceley & Dr Katharyn Diane Arthurson	1.1	0.7%
9	BroadMeadows Nominees Pty Ltd	1.0	0.6%
10	Kelanta Pty Ltd	0.7	0.5%
Top 10 Devine Shareholders		142.1	89.5%
Remaining Holders Balance		16.6	10.5%
Total		158.7	100.0%

Source: Management information, Devine Limited as at 19 May 2021

Note: Table may not sum due to rounding

3.3.2. Directors and Management interests

142. As at the last reporting date of 31 December 2020 there were no Directors or key Management personnel that held Devine shares either directly or indirectly through related parties at any time during the last financial year.
143. We have confirmed with Management that this remains unchanged as at June 2021.

3.3.3. Debt and net-debt

144. As at 30 April 2021, Devine had drawn debt of \$36.7 million of its \$50.2 million available to draw under its multi-option facility with ANZ. The facility does not contain any financial covenants as it is guaranteed by Devine's major shareholder, CIMIC.
145. Devine's current facilities have a facility maturity date of March 2022 and Devine will be required to renew the facility or seek other funding arrangements.
146. We would expect net debt to be slightly different at June 2021, however as the forecasts provided to us by Management were as of April 2021 we have used the debt balances as at April to be consistent with the overall valuation approach.

Table 8: Net debt

AUD in millions	Apr-21
Drawn balance from ANZ Facility	36.7
Less: Cash at bank	(1.7)
Net debt:	35.0

Source: Devine Management Information as at 30 April 2021

147. We note, that as at the date of this report the exact net debt position may vary. However for the purposes of assessing Market Value we have adopted the net debt balance as at 30 April 2021 to be consistent with the information utilised in the assessment.

3.3.4. Contingent liabilities

148. As at 31 December 2020, Devine reported the following contingent liabilities:
- Bank guarantees and surety bonds:** Devine provided bank guarantees and surety bonds totalling \$10.5 million relating to individual land developments including joint ventures and other aspects of the

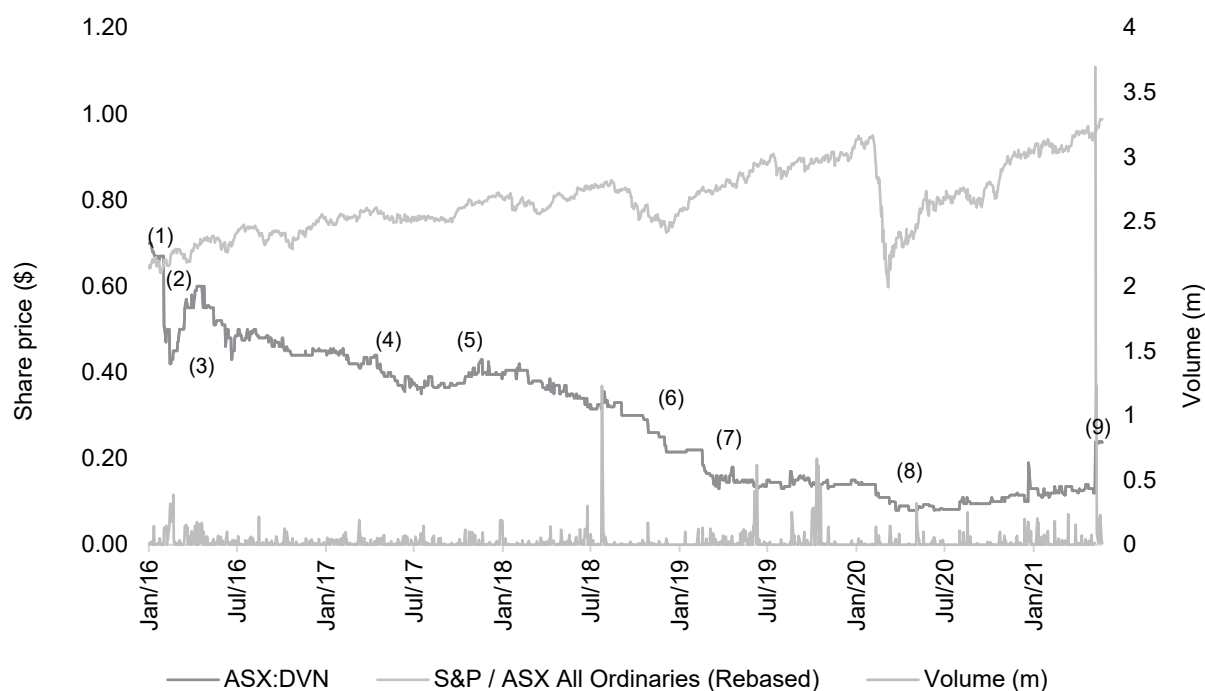
Company's operations. These bonds are secured by indemnities and corporate guarantees from the respective entities, with no liabilities currently expected to rise.

- b. **Guarantees to joint venture partners:** Devine provided guarantees jointly and severally for the performance of the Company's joint ventures of \$3.4 million.
 - c. **Litigation:** There are matters subject to litigation or potential litigation with different parties. The Company has reported a claim in a prior period which is currently being defended and confirming a counterclaim has been lodged. Devine is of the view that it has good prospects of defending the claim.
149. In addition to the above contingent liabilities Devine reported that it currently had claims outstanding against customers related to legacy projects within Devine Constructions. As Management were unable to reliably estimate the potential financial returns of these contingent assets and given the high level of uncertainty, it has not reported an amount associated with these.

3.3.5. Share price performance

150. In assessing Devine's share price performance over recent years, we note the share price has underperformed significantly relative to broad market indices such as the S&P / ASX All Ordinaries. This underperformance is likely due to the following factors:
- a. Subsequent to the outcome of the failed takeover offer by CIMIC in early 2016 its share price sharply declined.
 - b. Devine has suffered operational difficulties reflective in its poor financial performance and profitability with the Company unable to return profits or dividends to Shareholders.
 - c. There are risks surrounding longer-term financing given the Company not being able to return operational cash flow and the Company's current banking facilities are approaching maturity in the near term.
 - d. Devine has been subject to numerous key Management changes over the period.
 - e. Devine has been largely unsuccessful in its ambitions to grow its remaining land development yield, with its total development pipeline substantially lower.
151. The figure below illustrates the trading performance of Devine shares from 1 January 2016 to 25 May 2021 with historical volumes and key influencing items. Devine and S&P / ASX all ordinaries index has been rebased to allow comparability.

Figure 10: Devine Share price trading performance



Source: S&P CapitalIQ, PwCS analysis

152. Detail of the key influencing items identified above with number notes are set out below.

Table 9: Key influencing items

1	31 Dec 2015	CIMIC announces that post the close of its 2015 takeover offer announced as final on 24 December 2015 CIMIC held a relevant interest in Devine of 59.1% of total Devine shares outstanding with the share price of the Company declining in subsequent days.
2	19 Jan 2016	Devine executed a number of key Management changes following the reconstitution of the Board and Management by majority shareholder, CIMIC. Subsequently, Andrew Cooper was appointed as Chief Executive Officer (CEO) of Devine for an initial term of three years.
3	18 Feb 2016	Devine updated their FY15 guidance from expecting to report a loss before tax of \$11 million for the year ended 31 December 2015 to likely report a loss before tax of \$34 million. This announcement followed a decrease in Devine's share price from \$0.67 per share to \$0.51 per share.
4	22 Feb 2017	Devine releases FY16 results which highlight a difficult operational year with the company as it reported a loss of \$36.5 million. Devine states the financial result is largely due to a heated residential market and volatile industrial relations environments of SEQ. Additionally, the Company notes major weather events in Victoria and South Australia have caused significant delays within the land development business which has resulted in additional costs and deferred settlements.
5	10 Aug 2017	Devine announces half-year results for 30 June 2017. Reporting by the Company outlined that they were able to secure an extension of their multi-option financing facility to 31 March 2018. Additionally, Devine introduced a new joint venture partner for the Stonehill project in Victoria and discontinued the wholesale and integrated housing business segment noting any remaining projects/contracts had been settled. The effect of these operational changes resulted in a small increase in the share price from \$0.37 per share to \$0.40 per share at close of trading.
6	8 Aug 2018	Devine's half-year results (30 June 2018) announcement reported a 22% reduction in revenue due to delays in settlements in Victoria and market slow-down in South Australia. Additionally, Devine reported a loss before tax of \$11.4 million, which was primarily due to impairments at Mawson Green in Meadows (South Australia), Riverparks in Townsville (Queensland), and Newbridge in Wallan (Victoria). As a result of the

		Company's continued financial losses the share price continued to underperform from \$0.33 per share to \$0.22 per share at the close of trading.
7	20 Feb 2019	Devine announces FY18 results, which shows an increase in total revenue from \$50.5 million in FY17 to \$56.9m in FY18. The increase in revenue however was largely attributable to proceeds from insurance claims which was \$14.5m in FY18 compared to \$0.2m in FY17. Despite an increase in revenue year on year Devine still reported a loss of \$25.2 million for the year ended 31 December 2018, which was due to asset impairments during the year and the share price reduced from \$0.22 per share to \$0.14 per share at the close of trading.
8	26 Feb 2020	Devine releases FY19 financial statements with FY19's revenue significantly lower than FY18 (68% decrease) as a result of lower residential land sales, residential land settlements and apartment settlements and sales. Along with a decrease in revenue, there were asset impairments during the year of \$15.7 million that were taken across various projects, which led to another reported loss for Devine of \$20.5 million. Following these poor financial results the share price declined from \$0.14 per share to \$0.08 per share at close of trading.
9	25 May 2021	CIMIC announces its intention, through CRI to make an off-market takeover offer to acquire all of the shares in Devine it does not already own (the Offer) for cash consideration of \$0.24. Subsequently on 8 June 2021 through a supplementary bidders statement CIMIC advises the cash consideration of \$0.24 is inclusive of all rights (any future dividends or benefits).

Source: ASX Announcements, PwCS Analysis

3.3.6. Liquidity

153. In the 12 months prior to the Announcement Date, Devine Shares have been traded 100 days out of 252 trading days. This results in 152 inactive days with no traded shares.
154. In the 12 months prior to the Announcement Date, 4.1 million shares out of c.32.2 million Devine free float outstanding shares (i.e. excluding CIMIC and Brazil Farming's interest) were traded. Annualised trading volumes represent c.12.7% of the free float shares outstanding and 2.6% of total shares outstanding. It is therefore our opinion that the Devine Shares are illiquid.
155. This is largely due to the two largest Shareholders (CIMIC and Brazil Farming) owning a collective relevant interest of approximately 79.7%.

Table 10: Liquidity analysis prior to the Announcement Date

Period	VWAP	# shares traded ('000s)	% traded	# inactive days
1 week	\$0.128	97.4	0.06%	5.0
1 month	\$0.128	266.4	0.17%	15.0
3 months	\$0.130	1,177.7	0.74%	45.0
6 months	\$0.128	2,865.3	1.81%	86.0
12 months	\$0.118	4,132.3	2.60%	152.0

Source: Bloomberg

3.3.7. Dividends

156. Devine has not paid a dividend since 30 June 2012. It appears based on the current forecast that it is unlikely that Devine will be in a position to pay dividends in the near term.
157. Devine's reported franking balance as at 31 December 2020 was \$9.4 million.

3.3.8. Strategy and outlook

3.3.8.1. Strategy

158. Management formulated a new ten-year transformation strategy in December 2017. The strategy highlights the potential roadmap and associated benefits with Management's current plan for Devine.
159. Although the formulation of this strategy is dated, based on recent discussions with Management, we understand that strategic direction and goals remain unchanged from the document, albeit recognising that significant progress has not been made on a number of key initiatives due to weaker than expected financial performance.
160. We have outlined Management's key strategic initiatives below:

Table 11: Devine's revised strategy

Strategic initiative	Outcomes
1 Value	Create and build enterprise value for all Devine stakeholders.
2 Land Development	Re-establish the Devine brand in the residential property market and be recognised as a top 10 developer by both inventory and sales volumes, acquire new sites, complete existing land projects.
3 Hamilton Harbour	Complete successful development and pre-sale of the KSD2 Site.
4 Human Capital	To become an employer of choice and rebuild Devine's human and intellectual capital.

Source: Management Information, 2018-2027 Business Plan, PwCS Analysis

3.3.8.2. Outlook & Guidance

161. Devine currently does not provide guidance to the market on future financial performance given its historical financial difficulties. Noting this, in the Chairman's address to Shareholders on 26 May 2021 Devine stated that the Company's primary focus for 2021 will be to pursue opportunities to rebuild its pipeline in its Communities segment and resolve legacy contractual and insurance claims where possible.

4. Valuation of Devine

4.1. Valuation summary

162. We have estimated the current market enterprise value and equity value of Devine on a controlling basis as set out below.

Table 12: Market Value per share calculation

	Section	Unit	Low	High
Value of projects	4.3	\$m	66.2	76.3
Other assets & liabilities	4.4	\$m	3.2	3.2
Enterprise value range		\$m	69.4	79.5
Less: net debt & debt-like items	4.5.1	\$m	(36.3)	(36.3)
Equity value (controlling basis)		\$m	33.2	43.2
Number of shares on issue	3.3.1	#	158.73	158.73
Market Value per share		\$	\$0.21	\$0.27
Implied NTA multiple		(times)	0.52x	0.68x

Note: Table may not sum due to rounding

Source: PwCS Analysis

163. In estimating the enterprise and equity value, we have adopted a sum-of-the-parts approach as our primary approach. Our rationale for selecting this approach is set out below in section 4.2.1.
164. In selecting our Market Value range for a Devine Share, we had regard to the following:
- Discount to reported NTA:** Devine's assets predominately comprise of inventory, which is held at the lower of net realisable value or cost. Net realisable value is assessed on the future margin expected to be attributable to the project on an undiscounted basis (i.e. not taking into account the timing of when Devine may be able to realise this future margin or reflect the risk of achievement). With the majority of Devine's inventory balance attributable to the Riverstone Rise project in Gladstone, which has an expected completion date of 2046, Devine's assessed Market Value due to the time value of money would be lower than the net realisable value.
 - Development platform:** Despite Management pitching on a number of business development proposals to expand its current development pipeline, Devine has not been able to attain additional growth or add to its existing development pipeline for several years. This is partially explained by the capital constrained nature of Devine due to the Company suffering operating losses and the fact that the Company is largely dependent on the financial support of CIMIC in relation to supporting Devine's financing facilities to acquire new sites. As we adopted a 'trade-out' scenario in which we did not attribute any value to Devine's development platform or additional value as a going concern on the basis of a potential purchaser of Devine in its current state would likely have its own development platform. Noting the above, we have also removed all non-business unit corporate overheads in our valuation to reflect the lower costs associated under this trade-out scenario related to the realisation of Devine's current ongoing projects.
 - Tax losses:** We have allowed for the utilisation of Devine's substantial tax losses to offset against any future corporate tax payable related to future cash flow generated by Devine's ongoing projects. Outside the utilisation of the tax losses in relation to existing projects, we have not attributed any additional value to these tax losses on the basis that there is significant uncertainty in a potential acquirer passing the relevant business continuity tests that would be required to unlock any significant value related to Devine's accumulated tax losses.
 - Market multiples:** The implied NTA multiple of our assessed Market Value range for a Devine Share falls within the lower quartile range of observed NTA multiples of listed comparable companies (on a controlling basis). Devine's lower implied NTA multiple relative to precedent transactions (e.g. Villa World's merger in 2019) can be explained by Devine's operations being significantly smaller in size with

projects that may have potentially longer development profiles and Devine's financial position with the Company currently reporting substantial operational losses.

- e. **Share price trading:** Reflective of low volumes and high bid to ask spreads, share trading analysis suggests Devine's shares are relatively illiquid. In addition to this, Devine is not currently providing any earnings guidance and is not covered by any equity brokers. Due to the commercial sensitivity there is limited information provided to the market by Devine related to the ongoing performance of its existing projects on which forms the basis of Devine's enterprise value. Noting these factors, there are limitations in using Devine's last listed security price prior to the Announcement Date as a fair reflection of Market Value. However, given share price trading is the market's current view on value of a Devine Share on a portfolio holding basis, and by allowing for an appropriate premium of control, we do not consider the difference of our value range relative to the last quoted security price of a Devine Share to be unreasonable.
- f. **Comparison to 2015-2016 CIMIC acquisition:** The NTA multiple implied by CIMIC's acquisition of Devine Shares in 2015-2016 falls towards the low end of our assessed NTA multiple range for Devine. We consider this support our assessed Market Value range as the transaction did not result in CIMIC obtaining a 100% interest in the Company.

- 165. Having regard to the above factors, we selected an assessed enterprise value range for Devine of \$69.4 million to \$79.5 million.
- 166. We have reduced this enterprise value range for net debt and other surplus assets and liabilities to arrive at an assessed equity value. These items are discussed further in section 1.5.
- 167. Our assessed equity value (which is on a controlling basis) has then been translated into a value per Devine Share based on the number of shares outstanding outlined in Section 3.3.1.
- 168. The analysis supporting the valuation assumptions adopted are set out in the following sections.

4.2. Selection of valuation approach and other considerations

- 169. There are a number of common valuation methodologies to assess Devine's enterprise value and the decision as to which methodology generally depends on the business being valued. Influencing factors include the maturity of the industry in which the business operates, commonly adopted approaches used to value similar business, and the general availability of information at hand. Widely accepted methodologies include:
 - a. **Capitalisation of earnings:** This method involves multiplying an estimation of a level of sustainable earnings of a business by a multiple that reflects of the underlying risks and growth prospects of the business. The estimation of earnings is considered a surrogate for the cash flows of the business and the process of multiplication is referred to as the capitalisation of earnings.
 - b. **Market based assessments:** Market based assessments relate to the valuation of a business, shares or assets using observed prices at which comparable businesses, shares or assets have been exchanged in arm's length transactions. This is often the most reliable evidence of Market Value but in the case of valuation of companies it can be difficult to find directly comparable transactions. For companies whose shares are publicly traded, the relevant share price is considered indicative of the Market Value of the shares, if there is sufficient liquidity. However, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a premium for control.
 - c. **Net realisable value of assets:** This approach indicates the Market Value of the equity of an entity by adjusting the asset and liability balances on the subject company's balance sheet to their Market Value equivalents. The net assets approach has a number of variants. Typically, the approach can be applied using a going concern premise which uses the concept of replacement cost as an indicator of value. In the absence of a fair valued balance sheet, this generally represents a floor to Market Value.
 - d. **Discounted cash flow (DCF):** Indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.

170. Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.

4.2.1. Selection of preferred valuation approach

171. After considering the various methodologies, we adopted a sum-of-the-parts approach to valuing Devine. Our sum-of-the-parts approach aggregates the assessed value of each of Devine's ongoing projects through a DCF approach, plus the addition of any other assets and liabilities not captured within the value of the ongoing using a net assets approach.
172. At an overall level, the adopted sum-of-the-parts approach assumes a run-off scenario for Devine in which we have only considered cash flows arising from the trade-out of its existing development pipeline. In assuming this scenario we have adjusted for the cost structure to exclude costs which relate to sourcing and executing new business opportunities or costs associated with Devine being a listed company.
173. In selecting this approach, and specifically the DCF approach as a primary approach in valuing Devine's ongoing projects we note:
- a. The DCF methodology is one of the most commonly used methodologies for the valuation of development projects given the finite nature and profile of the cash flows generated.
 - b. The DCF methodology can be easily adjusted to reflect the inherent cyclical nature of the property development industry, and is a widely used approach to valuing property developers.
 - c. Cash flows for the current ongoing projects can be forecasted with a reasonable degree of certainty and Management has updated its feasibility studies to reflect its latest view considering the current industry and market conditions.
174. In valuing Devine's other assets and liabilities that are not captured within the DCF models, such as the Flinders Place Project, we adopted a net assets approach on the basis we have made sufficient enquiries that the respective book values are a reasonable proxy of fair value.
175. We cross checked our sum-of-the-parts valuation for Devine by referring to:
- a. The implied NTA multiple of our assessed Market Value range of Devine Shares, whilst having regard to market evidence
 - b. Quoted security prices for Devine Shares implied by share price trading. Whilst the suitability of this cross-check is limited due to the fact that Devine Shares are illiquid and on a non-controlling basis, the methodology provides an indication of the market's view of the current portfolio traded Market Value associated with Devine Shares.
 - c. Comparison to the NTA multiple implied by CIMIC's last takeover attempt of Devine Shares in 2016.

4.3. Value of Devine's projects

176. As presented in the table below, PwCS has assessed the value of Devine's major projects to be in the range of \$66.2 million to \$76.3 million.

Table 13: Value of projects

In AUD millions (unless otherwise stated)	Low	High
Devine owned or LMA	37.8	44.8
Equity accounted joint ventures	35.3	38.9
Overheads	(6.8)	(7.3)
Enterprise value range	66.2	76.3

Source: Management information, Devine Limited as at 30 April 2021

177. We determined the value of Devine's major projects using the sum-of-the-parts approach by aggregating the value of its interests across Devine's wholly owned projects, LMA projects and equity accounted joint ventures, less the present value of overheads required to run-off the ongoing projects to completion.
178. We outline our approach and the detailed assumptions for each of these components in more detail within the sections below.

4.3.1. Ongoing projects

179. The table below summarises the major ongoing projects which have been valued using the DCF approach:

Table 14: Devine's ongoing projects

Region	Project name	Location	Project Type	Cash flow basis	Remaining Yield (lots)	Status
Devine wholly owned projects						
QLD	Riverparks	Kelso, Townsville	Land	FCFF	498	Now Selling
QLD	Mountview	Redbank Plains	Land	FCFF	2 (englobo)	Now Selling
QLD	Brookside	Redbank Plains	Land	FCFF	2 (englobo)	Now Selling
SA	Mawson Green	Meadows	Land	FCFF	73	Now Selling
Land Management Agreement (LMA) in place						
QLD	Riverstone Rise	Boyne Island, Gladstone	LMA	FCFF	2,480	Now Selling
SA	Orleana Waters	Evanston Gardens	LMA	FCFF	314	Now Selling
Equity accounted joint ventures (50% owned)						
VIC	Stonehill	Bacchus Marsh	Land	FCFE	553	Now Selling
VIC	Newbridge	Wallan	Land	FCFE	33	Now Selling
QLD	Hamilton Harbour, KSD2	Hamilton	Apartments	FCFE	1 Office Building	Planning

Note: FCFF refers to free cash flow to the firm, FCFE refers to free cash flow to equity holders

Source: Management information, Devine Limited as at 31 May 2021

180. **Devine wholly owned projects:** Riverparks, Mountview, Brookside and Mawson Green represent Devine's remaining wholly owned projects in which Devine is the owner of the land in addition to the developer of the project. With respect to Mountview and Brookside, the remaining yield on these projects are expected to be sold on an englobo basis, rather than a steady run rate of lots released over a longer timeframe. The cash flow projections reflect the unlevered cash flows resulting from land sale proceeds,

less development, marketing and selling costs. We have approximated value for these projects by taking the free cash flow to the firm associated with these projects and discounting them using a WACC (the discount rate).

181. **Land management agreements:** Devine has a number of land under management agreements in place in which payments for the land (typically based on a percentage of gross sales) are progressively made to the landowner as each lot is settled. Devine does not typically pay holding costs related to land under these agreements until specific components of the site (precincts) are completed and ready for sale. Aligned to Devine wholly owned projects, cash flows reflect unlevered free cash flow to the firm as a result of the net of land sale proceeds, less payments to the land-owner, and development, marketing and selling costs.
182. Riverstone Rise (Gladstone) is Devine's most significant project in terms of remaining pipeline. Due to the economic and demand climate changing subsequent to the execution of the land development agreement and initial development, the project has not returned the required run rate to generate an appropriate return. Due to this declining demand, the project has an extended timeline for completion out to 2046. We discuss the specific treatment of this project in our valuation further below in Section 4.5.2.
183. **Equity accounted joint ventures (50.0% owned):** Devine has entered into a number of joint venture (JV) arrangements on a 50% basis to facilitate the development of the land assets to which they relate to. Devine's economic interest in the JV comprises its share of JV profits, plus 100% of management fee income payable by the JV in recognition for the development, marketing and selling costs. Specifically:
 - a. We have considered the cash flows attributable to Devine on a free cash flow to equity basis, post any financing costs. We have discounted these cash flows using an assessed cost of equity for Devine.
 - b. The Stonehill project is being developed by a JV between Devine and Leighton Properties (Brisbane) Pty Limited (a subsidiary of CIMIC). The JV develops, markets and sells the land under an LMA with the landowner, Leighton Properties (VIC) Pty Ltd (another subsidiary of CIMIC). Devine provides development management, marketing and sales services to the JV for which it receives management fee income.
 - c. Wallan is a JV under which Devine owns the land, with the JV partner responsible for all development, marketing and sales activities. Devine's receives a preferred payment upon lot settlement, subject to a minimum number of settlements per annum up to 450 lots in total. Currently the project has 33 lots remaining in which all are expected to settle within the current financial year.
 - d. Hamilton Harbour (KSD2) is a joint venture with Leighton Properties (subsidiary of CIMIC). The property is the last parcel of land in Hamilton Harbour and is yet to be developed. KSD2's book value is currently the aggregate of capitalised development costs which predominately relate to the original purchase of the land, development approval costs and a loan payable to the JV by Devine. We discuss the specific treatment of this project in our valuation further below in Section 4.5.2.

4.3.2. Corporate costs

184. Devine has two types of overhead costs, business unit overheads and corporate overheads. These are described in further detail below:
 - a. Business unit overheads include any costs relating to finance, IT, human resources, capital management and marketing support costs incurred relating to a specific business unit/project.
 - b. Corporate overheads are costs relating to senior management and the board of Directors (Directors), along with any costs associated with Devine being listed on the ASX. They also include some costs described in the business unit overheads that may be incurred for the whole group and business operations.
185. In considering these corporate costs and overheads in our trade-out scenario of Devine, we only attributed the impact on value from the business unit overheads, and have assumed that a potential acquirer of Devine would likely have their own corporate department that would be sufficient to run Devine's existing projects until completion.

4.3.3. Discounted cash flow approach

186. We have assessed the value of Devine's major projects using the discounted cash flow approach. With the exception of Riverstone Rise in Gladstone and Hamilton Harbour, we have adopted the discounted cash flow approach based solely on the current feasibility cash flow models for each project that were updated to 30 April 2021. These feasibility models have been recently updated by Management and reflect their current view on the lifetime cashflows associated with each project.
187. The discounted cash flow approach estimates Market Value for projects with a finite life by discounting the project's future cash flows to their net present value provided that the future cash flows that are expected to be derived from a project are capable of being estimated with a reasonable degree of confidence.
188. The discounted cash flow approach requires the determination of the following components:
- Future cash flows based on the most likely earnings scenarios which may be achievable over the lifetime of the project.
 - An appropriate discount rate to be applied to the future cash flows which considers the risk inherent in the cash flows.
189. Our considerations on each of these factors are presented below.

4.3.3.1. Key Cash flow assumptions

190. The cash flow models provided by Devine for any ongoing major projects we understand to be regularly updated based on actual revenue recognised or expenses incurred. These cash flows have been provided to PwCS on a pre-tax, pre-overhead, ungeared basis and form the basis of the DCF valuations.
191. PwCS has reviewed each cash flow model and discussed the approach taken to determine the cash flow inputs with Management. The individual assumptions or figures have not been tested or verified; however, we held a number of Management meetings to understand the basis of the assumptions and we consider that we have made sufficient enquiries to satisfy ourselves that the cash flow forecasts have been prepared on a reasonable basis for the purposes of our valuation and have made adjustments where we considered necessary.
192. We have provided a summary of key assumptions underlying the cash flow forecasts below:

Table 15: Cash flow assumptions

Key inputs	Rationale
Residential lot/unit sales receipts	<p>Management forecasts residential lot and unit sales considering the latest expected completion of various phases within its communities and development projects. Rebates and discounts are not commonly provided to buyer and thus the listing price considered is an accurate reflection of forecasted revenues.</p> <p>In addition to historical evidence, Management considers the latest prospective industry data and market research and revises sales forecasts within the feasibility models upon changing market dynamics.</p>
Settlement rates	<p>Are based on historical trends with market and competitor research used to assess forecasted settlement rates. In addition to this, the estimated delivery of key project milestones are considered as this impacts the number of available lots that can be settled at a given point in time.</p>
Non-residential unit / lot sales receipts	<p>Any non-residential unit sales are priced upon contracted prices or by applying a comparative land valuation approach.</p>
Land acquisition costs	<p>Land acquisition costs are based on the contractual agreements with the original landowners. For land management agreements this cost is funded through settlements as a portion of the overall selling price.</p>

Key inputs	Rationale
Development costs	Development costs largely consist of site wide infrastructure, land holding costs (rates and land tax), civil works, construction costs, landscaping contingencies, statutory fees and contributions, professional fees, and development management costs (for certain JVs). The various costs are determined by contracted rates, tendered rates for previous stages and external pricing suggested by civil engineers.
Escalation	Escalation of costs and revenue escalation are project specific and vary depending on the latest macroeconomic data available to Management in addition to consultation with the relevant project manager that will advise on observable historical trends.
Management fees	For certain JVs, Devine is entitled to a management fee for providing project management services. We have included these fees in our assessed equity return in respect to relevant JVs.
Ownership structure	For any projects that are part of a JV, we have taken Devine's pro-rata share of the total cash flows of the JV.

Source: Devine Management Information, PwCS analysis

4.3.3.2. Discount rate

193. The discount rate used to discount the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. For Devine wholly owned and Devine LMA projects, we have selected a discount rate based on a post-tax nominal weighted cost of capital range of 9.5% to 11.5% which is used to discount the unlevered free cash flow to the firm implied by each project's feasibility model. For Devine JVs we selected a discount rate being the cost of equity in the range of 11.3% to 14.9% when assessing the future equity cash flows for the relevant feasibility models. In selecting these discount rates we considered the following WACC inputs (adopting a CAPM approach) as presented below.

Table 16: WACC (CAPM approach)

Input	Selected approach
Risk free rate (Rf)	A normalised risk-free rate of 1.00%, reflective of the inflation assumptions implied by the long-term growth rate in addition to a 2.5% yield with reference to the Reserve Bank of Australia's 20yr zero-coupon bonds.
Equity market risk premium (EMRP)	An Australian equity market risk premium of 6.0% based on PwC consensus and external studies related to Australian equity markets.
Levered beta	An equity beta of 0.88 to 1.14. The beta range adopted straddles the top end of the range observed in our comparable beta analysis, we consider this appropriate given the size and current projects held by Devine.
Small capitalisation premium	A small cap premium of 2.5% to 4.5% reflective of Devine's size relative to ASX and US market studies by Duff & Phelps.
Post-tax cost of debt (Kd)	A post-tax cost of debt of 2.9% to 3.6%, considering the current yields on bonds outstanding within relevant listed comparable companies.
Gearing	Gearing of 20% to 30%, based on observed ranges within comparable companies
Corporate tax	An assumed Australian corporate tax rate of 30.0%

Source: PwCS analysis

194. On the basis of the above, we have determined a post-tax nominal WACC in the range of 11.0% to 13.0% and a cost of equity in the range of 11.3% to 14.9%. More detail is outlined further in the Appendix. As the purpose of our Market Value assessment is related to a 100% shareholding of Devine, we have applied a group level discount rate to the cash flow forecasts of the underlying major projects to

ensure consistency of the value conclusion. We note when adopting this approach that the individual project values derived under the DCF approach may not translate to the Market Value of an individual project if individually divested by Devine.

195. Although Devine is not covered by any equity research analysts, we cross checked our assessed weighted average cost for Devine relative to recent discount rates adopted by equity research analysts in valuing Devine's comparable listed companies. We note that the rates presented in these reports support the lower end of our assessed range, and given these companies are much larger and more diversified relative to Devine, we consider this to be appropriate to assess Devine's ceiling or high value case.

4.4. Other assets and liabilities

196. With the exception of the Newbridge, Wallan project, Management have advised that any assets or liabilities related to the run-off of the projects are captured within the feasibility cashflow models. With respect to the Wallan project we note Devine has an additional receivable related to a fee payable from the JV partner not currently captured within the model. We have considered this as an additional surplus asset and have taken this receivable at face value as this payment is currently due.
197. In addition to the above we note Devine has current interests in minor projects such as its Flinders Place project and Mode Apartments JV. We note these minor projects do not have related feasibility studies due to their insignificant size and as such we have taken these assets at face value on the basis that we have made relevant queries with Management to confirm net assets are a reasonable proxy for Market Value.

4.5. Equity value adjustments

198. After our arriving at an enterprise value using our sum-of-the-parts approach for Devine, we derived an equity value by adjusting the assessed enterprise value for net debt and debt-like items.

4.5.1. Net debt and debt-like liabilities

199. Devine's net debt as at 30 April 2021 is \$35 million. We have adopted the 30 April 2021 net debt balance to maintain consistency with Management's feasibility models. Additionally, we have accounted for any transaction costs relating to the proposed takeover such as legal and financial advice. We note a portion of these costs would likely be incurred irrespective of the takeover outcome.

Table 17: Equity value adjustments

AUD millions	Apr-21
Cash	1.7
Debt	(36.7)
Net debt	(35.0)
Transaction Costs	(1.3)
Net debt and debt-like items	(36.3)

Source: Devine Net Debt Summary as at 30 April 2021

200. As discussed previously, we note that the debt balance at the date of the report may vary however we utilised the 30 April 2021 balance date for consistency with the forecast cash flows provided. We consider this to be reasonable as the net debt amount changes due to the passage time and cash flows received, the change in value of the projects would offset the impact on the valuation outcome.

4.5.2. Other considerations

201. To conclude on an enterprise and equity value for Devine, we had to make a number of judgments in respect to key projects that by nature had a higher degree of uncertainty regarding a value outcome relative to Devine's other projects or joint ventures. Additionally we had to consider any potential value a

potential purchaser may attribute to Devine's substantial tax losses. We discuss this items in further detail below.

4.5.2.1. Riverstone Rise (Gladstone)

202. Riverstone Rise, located in Gladstone, was acquired in 2011 under a land management agreement and is currently Devine's largest ongoing project, accounting for the majority of the remaining development pipeline and a significant portion of Devine's overall inventory book value. Aligned to the accounting treatment of Devine's other projects, Devine currently records the book value of this project at the lower of net realisable value or cost.
203. Based on Riverstone Rise's feasibility model the resultant net present value was considered too low comparative to a market participant's view on Market Value of the asset. As a result we have considered alternative analysis in order to assess a Market Value range for this asset. These included:
- a. **Trade-out:** We considered a trade-out of the existing developed yield at Riverstone Rise. Under this approach we calculated a margin that would be achieved on the remaining yield by observing historical costs and revenue. We excluded costs such as construction costs, professional fees and landscaping costs which we considered to be related to the development of new sites and note these represent in aggregate the largest proportion of costs related to this project. In adopting this scenario we assumed an increased run rate relative to historical evidence and assumed the remaining stock would be depleted over a short period of time. To reflect the time value of money, we discounted the proceeds at Devine's WACC.
 - b. **Exit:** We considered the sale of Devine's interests in Riverstone Rise on the basis of a sale to another developer. In this case we have assumed Devine would be able to negotiate to recover its current costs to date. We discounted the proceeds related to this sale at Devine's WACC based on varying the expected timing of the sale. In the event a sale could be achieved faster than the timetable we have assumed the price achieved would be lower to an amount equivalent to the discounting not applied.
204. We have utilised the above analysis to assess an appropriate valuation range to adopt for Riverstone Rise. The Market Value range adopted considered the qualitative factors such as execution risk, and Riverstone Rise's historical performance and current feasibility.

4.5.2.2. Hamilton Harbour (KSD2)

205. In assessing a Market Value range for the KSD2 project, Management have provided current feasibility model on the basis that its highest and best use is commercial mixed-use property on the assumption of a completion date of late 2024. We note that this site was purchased in 2008 and its feasibility model was developed on the basis of a fund-through model in which an end investor and lessee was to be secured before commencement of the development to minimise the capital intensity of the project.
206. As noted previously, Management are currently unable to obtain either an end investor or a secured lessee, therefore there is a significant degree of uncertainty related to future plans for the site. The historical cost of the project relates to expenses incurred for development approvals and the original land acquisition. Noting this, when assessing a Market Value for our purposes we had regard to the following:
- a. The net present value of the feasibility model for the project provided it proceeds with its current plan as a commercial office building, with the project completing on time by late 2024.
 - b. Historical sales of properties in the Hamilton Harbour area related to commercial and mixed-use sites.
 - c. Devine's current exposure to the JV in relation to Devine's share of the historical cost.
207. We have adopted the range for the Hamilton Harbour considering the above analysis.

4.5.2.3. Development platform

208. In our sum of the parts valuation of Devine, we have only considered the cash flows arising from the development of the existing projects and land pipeline after having adjusted the cost structure to exclude corporate costs related to sourcing and executing new development opportunities. We note under this

selected trade-out scenario there is no value attributable to the 'going concern' nature of the business and is representative of the attempted realisation of Devine's current balance sheet. We selected this scenario as the most likely outcome on the basis of the following:

- a. Devine is currently capital constrained, with its existing facilities approaching maturity in March 2022. As CIMIC is Devine's current guarantor for its facilities, the ability for Devine to secure future funding is dependent on CIMIC's willingness to hold risk associated to Devine and its operations.
- b. Devine has underperformed for several years, reflective of substantial operating losses, creating uncertainty as to the value of its development platform.
- c. Despite numerous proposals and tenders for new projects, Devine has not secured additional pipeline or new sites since the Gladstone site in 2011.
- d. Devine's potential acquirers would likely be strategic in nature (industry or trade buyer), these companies would likely have their own development platform.
- e. Devine currently has thirteen employees and has limited resources focused on business development activities.

4.5.2.4. Tax losses

209. As at 31 December 2020, Devine had accumulated tax losses in aggregate of \$173.9 million. In considering the potential value of these substantial tax losses to a potential acquirer of Devine, we have allowed for the benefit and utilisation of Devine's current tax losses on the future earnings attributable to Devine's ongoing projects on the basis that a potential acquirer may continue to operate Devine as a separate tax entity. On this basis, the cash flows attributable to each project are exclusive of any corporate tax. However, we have not attributed any additional value outside of the existing utilisation attributable to Devine's existing projects given the difficulty typically experienced by potential acquirers in satisfying the tests which allow them to utilise the tax losses held by the acquired businesses and the uncertainty as to the specific utilisation profile applicable to the potential acquirers.

4.5.2.5. Franking credits

210. An assessment of the Market Value of an equity security can either be prepared on a franking inclusive or a franking exclusive basis. Our valuation and assessment has been prepared on a franking exclusive basis as the universe of potential hypothetical willing buyers (not specifically considering CIMIC) may include a range of local and international corporate trade buyers, superannuation funds or private equity. The marginal tax rates for these acquirers will vary depending on both the nature and the geographical location of the acquirer, which vary the attribution of potential an acquirer place on Devine's franking credits. Furthermore, a potential purchaser's assessed value for Devine's franking credits will largely depend on the quantum of their own franking credit balance.
211. Considering these factors, we have not attributed a value towards Devine's franking credit balance as its utilisation to Devine in its current state or a potential acquirer is highly uncertain. However, we note if we did include the franking credit balance it would not change our overall valuation assessment.

4.5.2.6. Consideration of a control premium

212. As stated above in Section 2, Scope of Independent Expert's Report, and aligned to RG111, we have assessed a Market Value range of a Devine Share on a 100% shareholding basis and as such we have assessed Devine's Market Value inclusive of a premium for control. In respect to this we note:
- a. In applying our sum-of-the-parts valuation approach, we adopted the DCF methodology in valuing Devine's ongoing projects. In adopting the DCF methodology we note this approach incorporates a control premium as it is based on an owner achieving 100% of the cash flows generated.
 - b. When considering the value attributed to its projects under a land management agreement or JV we did not apply a minority discount for lack of marketability or lack of control.

- c. When adopting the net assets approach to Devine's other assets or liabilities such as the Flinders Place project we did not apply a minority discount and assumed a Devine interest of 100%.
 - d. When comparing the NTA multiple implied by our assessed value range of a Devine Share to comparable listed companies, we considered the application of a premium of control in addition to the market capitalisation implied by share price trading.
213. Publicly available research indicates that the average equity control premium in Australia across all industries for full control has been in the range of 20% to 50%. The range observed comparable transactions and market studies for real estate companies across the ASX within the precedent decade following the Q4 2020 quarter and was based on data from the MergerStat and the 2020 Business Valuation Review Control Premium Study.
214. The premium for control observed varies widely depending on the circumstances and may, in some circumstances, include an element reflecting a strategic premium paid by purchasers. Notwithstanding the fact that CIMIC already has control of Devine, we have still considered Devine's Market Value based on a market participant's perspective rather than solely accounting for CIMIC as the potential purchaser.
215. With reference to the control premium range, the median control premium in the real estate sector over the historical period was 25%.
216. On this basis, we have selected a control premium of 25% when comparing Devine's implied NTA multiple relative to the comparable listed companies.

4.6. Valuation cross-checks

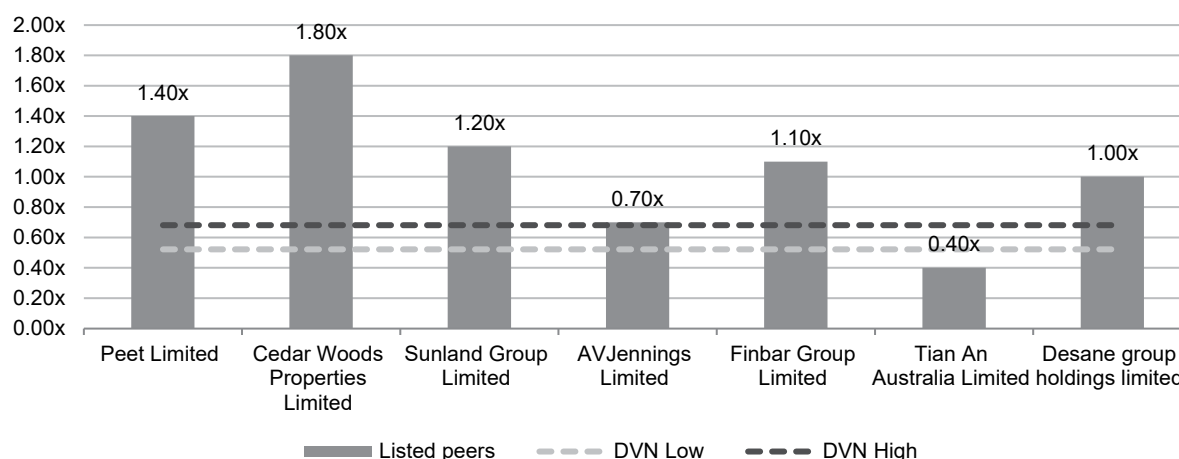
217. As a cross-check to our assessed value of Devine, we referred to:
- a. The implied NTA multiple of our assessed value range of Devine, having regard to market evidence.
 - b. The value of Devine implied by recent trading in Devine Shares.
 - c. The implied NTA multiple of Devine relative to CIMIC's 2016 acquisition of Devine Shares.
218. We detail these valuation cross checks in more detail below.

4.6.1. Implied NTA multiple

4.6.1.1. Market trading multiples

219. Companies within the land development and wider property development industry are commonly valued with reference to their underlying tangible asset base given the capital intensity of the business models. Noting this, our assessed value of the equity value of Devine on a 100% control basis implies a 0.52 times to 0.68 times NTA multiple.
220. We have presented this implied multiple range relative to market multiples observed within Devine's comparable listed companies, allowing for a median premium of control of 25%.

Figure 11: Implied NTA multiple relative to listed comparable companies (times)



Note: Comparable company multiples is inclusive of a market capitalisation adjustment for a 25% control premium

Source: PwCS analysis

221. We note with reference to the above figure that our assessed Market Value range of Devine is within the mid to low quartile range observed by Devine's listed comparable companies.

222. Devine's multiple relative to these listed companies largely reflects the following:

- Devine has low profitability relative to the majority of comparable company set, evidenced by reported financial losses for several years.
- Devine does not currently have a high prospect for future growth, with its development pipeline depleting with the exception of the Gladstone and Townsville sites that have a long tail due to slower demand profiles. These projects due their extended completion timelines results in Devine having a longer wait for returns on capital to replenish the development pipeline compared to many of Devine's listed peers which have larger portions of pipeline with shorter completion timeframes.
- Devine is currently capital constrained and reliant on CIMIC's support in securing future funding after its current facility expires in March 2022. This limits Devine's ability to pursue future growth or build its development pipeline relative to its peers that are much larger with greater access to capital markets.
- The comparable companies have development pipelines significantly more diversified than Devine, with these companies generally having a larger land bank of development sites in more favourable locations that have seen increased price escalation (e.g. Sydney and regional NSW).

4.6.1.2. Comparable transaction multiples

223. Transaction multiples are generally calculated with reference to historical earnings and as a result, all things being equal, we would expect the transaction multiples (particularly where control is transferred) to be higher than the unadjusted current or forecast trading multiples for listed comparable companies.

224. We identified a number of transactions involving targets similar to Devine. However, all of the transactions involving similar companies we identified pre-dated the COVID-19 pandemic. In addition, the comparable companies occurred before the implementation of AASB 16 (Leases) and AASB 15 (Revenue from Customers and Contracts), which further reduces the comparability of the implied transaction multiples. On this basis, we did not place significant reliance on market transaction multiples as a cross check to the implied NTA multiple of Devine.

4.6.2. Trading price analysis

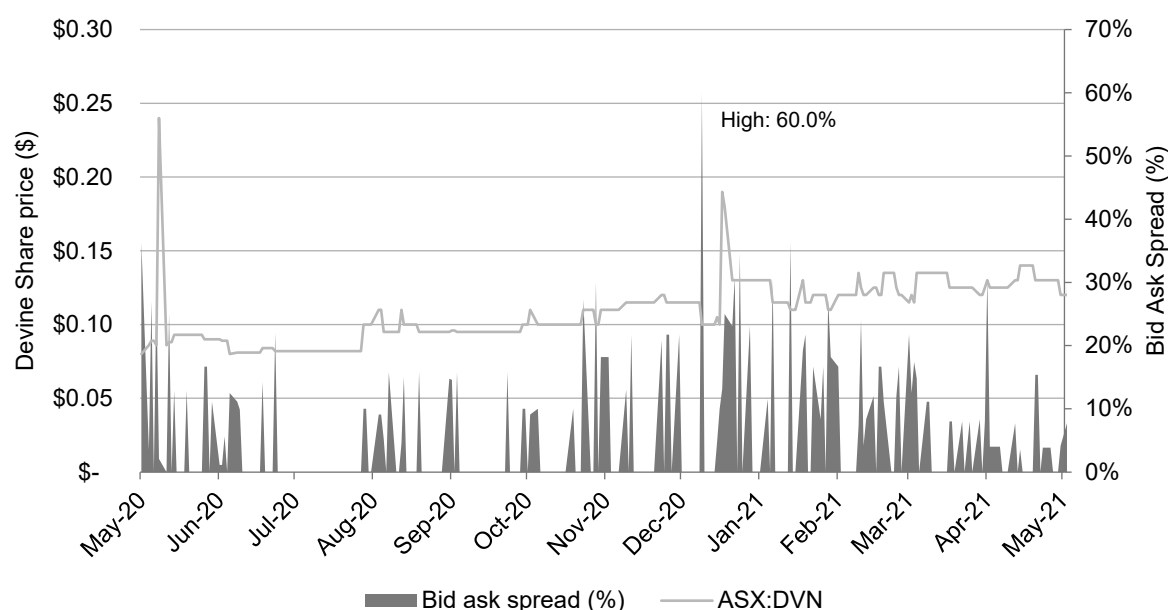
225. On a controlling basis, our assessed value of a Devine Share represents a premium in the range of 74% to 127% on the last trading price prior to the Announcement Date as presented below.

Table 18: Implied premium over pre-announcement share price

AUD in millions	Value range	
	Low	High
PwCS assessed value per share range (controlling)	0.21	0.27
Last sale price as at 24 May 2021	0.12	0.12
Implied premium / (discount)	74%	127%

Source: PwCS Analysis, S&P Capital IQ

226. Our assessed premium to the last quoted security price of a Devine Share can be partly explained by the fact that quoted prices of securities on stock exchanges reflect prices for generally small parcels of shares at which portfolio interests exchange hands. Noting this, these quoted prices for listed securities are not reflective of any premium for control for a controlling stake in a Company, inherently excluding the additional benefits of control a purchaser would attain such as the ability for the owner to influence the strategic direction of a Company or the timing and terms of a future divestment.
227. As per the requirements of RG 111, our assessed Market Value range of a Devine Share is on the basis of a 100% shareholding, and therefore is inclusive of a premium of control. Our analysis of past takeovers within the land development and subdivision industry in Australia over the last decade indicates a control premium range of 15% to 35%, with a median of 25%.
228. Subsequent to accounting for an appropriate premium for control, we note when comparing the assessed Market Value range for a Devine Share in relative to the last quoted Share price, any residual difference can likely be attributed to Devine Shares being illiquid and therefore not a reliable estimate of Market Value.
229. Devine Shares only traded 100 days of the 252 trading days prior the announcement, with total trading volume only representing c.12.7% of the free float shares outstanding and 2.6% of total shares outstanding.
230. Whilst considering daily trading volumes, the market also typically observes a difference between the 'bid' and 'ask' price in illiquid securities which is representative of the differences in opinion between buyers and sellers related to a particular stocks Market Value. The bid ask spread represents this difference between the average bid price and ask price implied on any given trading day. When observing Devine's shares for a 1-year period preceding the Announcement Date, we note the historical average bid ask spread ranged from 1% to 60%, with an average bid ask spread of 17% across the period.
231. Figure 12: Devine bid and ask price spread implied by historical share trading



Source: PwCS analysis

-
232. The significant spread between bid and ask prices illustrated in the figure above outlines the significant differences in value opinion between buyers and sellers of Devine Shares over the last year, and illustrates the limitations of comparing the assessed Market Value range of Devine Shares to the last quoted security price.
233. In addition to the limitations of share price trading implied by the illiquidity of Devine Shares we note:
- a. Devine is not currently covered by any equity research analysts or brokers which assist investors in making an assessment of the Market Value of a listed company's shares.
 - b. Devine does not currently produce any market guidance on expected future performance.
 - c. Reflective of the commercial sensitivity, there is limited publicly available information related to Devine's ongoing projects which would be required to support a robust valuation assessment by a prospective investor participating in share price trading of Devine Shares.
 - d. Price benchmarking relative to Devine's listed comparable companies is limited due to Devine reporting operational losses in addition to not currently paying or expected to pay dividends.
234. Considering the above factors, we don't believe the additional premium implied by our Market Value range for Devine Shares relative to the pre-Announcement Date share price to be unreasonable.

4.6.3. Comparison to 2016 Devine acquisition multiple

235. In addition to the cross checks above, we compared our implied NTA multiple range of 0.52 times to 0.68 times for our assessed equity value in Devine against previous takeover offer of Devine Shares by CIMIC in 2016 at a NTA multiple of 0.5 times. Although there are limitations to the usefulness of this cross check given the dated nature and changes to Devine's business model, we see the fact that the previous acquisition multiple is at the low end of the implied NTA multiple range as support for our value conclusion.

5. Evaluation of the Offer and conclusion

5.1. Assessment of fairness

236. We have assessed the Market Value of a Devine Share to be in a range of \$0.21 to \$0.27 on a controlling interest basis.
237. The Consideration per share is \$0.24.
238. On the basis that the consideration per share is in a within in the range of our assessment of the Market Value of a Devine Share, we conclude that the Offer is fair.

5.2. Assessment of reasonableness

239. We also conclude that the Offer is reasonable on the basis that it is fair.
240. We also note the implications of a number of qualitative issues which are generally considered in assessing reasonableness. These issues broadly comprise:
- Whether the Offer includes a premium for acquiring a 100% controlling interest in Devine.
 - The likely consequences for Shareholders if the Offer is accepted.
 - The likely consequences for Shareholders if the Offer is not accepted.
 - The likelihood of a superior offer emerging for the minority interest shareholders in Devine than the current Offer from the perspective of the Shareholders.
241. We discuss these implications in further detail below.

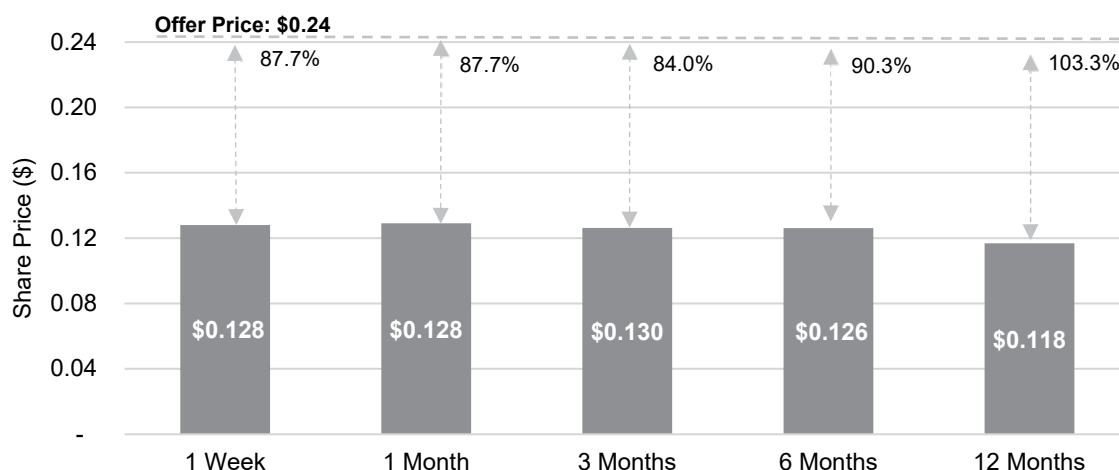
5.2.1. Non-Associated Shareholders will receive payment earlier than through a potential compulsory acquisition

242. Brazil Farming Pty Ltd (Brazil Farming), Devine's largest minority shareholder currently holds a relevant interest in Devine of 20.55%.
243. If Brazil Farming accepts the Offer CIMIC will only require just over 10% of the remaining interest to commence compulsory acquisition of all shares not currently owned by CIMIC. Although we cannot exclude the prospect of an alternative proposal or offer on better terms emerging, we believe that an alternative takeover offer is unlikely as any such offer would require CIMIC to agree to sell its shares. On this basis, we consider Non-Associated Shareholders are unlikely to receive a superior offer.
244. If Non-Associated Shareholders wait until a potential compulsory acquisition, they will receive payment later than through the Offer process.

5.2.2. The Offer is at a premium to the historical share price trading of Devine shares prior to the announcement of the Offer

245. Representative of high bid to ask spreads, and low volumes traded, Devine Shares are a relatively illiquid investment for Non-Associated Shareholders. Despite the level of illiquidity which limits the usefulness of the share price as an indication of Market Value for a Devine Share, quoted security prices in illiquid investments often represents a minority holder's only remaining option in to realise the value associated with their investment. As such this Offer represents an opportunity for Non-Associated Shareholders to realise their illiquid equity investment with the certainty of cash consideration at a premium when compared to the historical share price trading prior to the Announcement Date no brokerage or transaction costs.

Figure 13: Implied premium of the Offer Price to Devine recent share trading

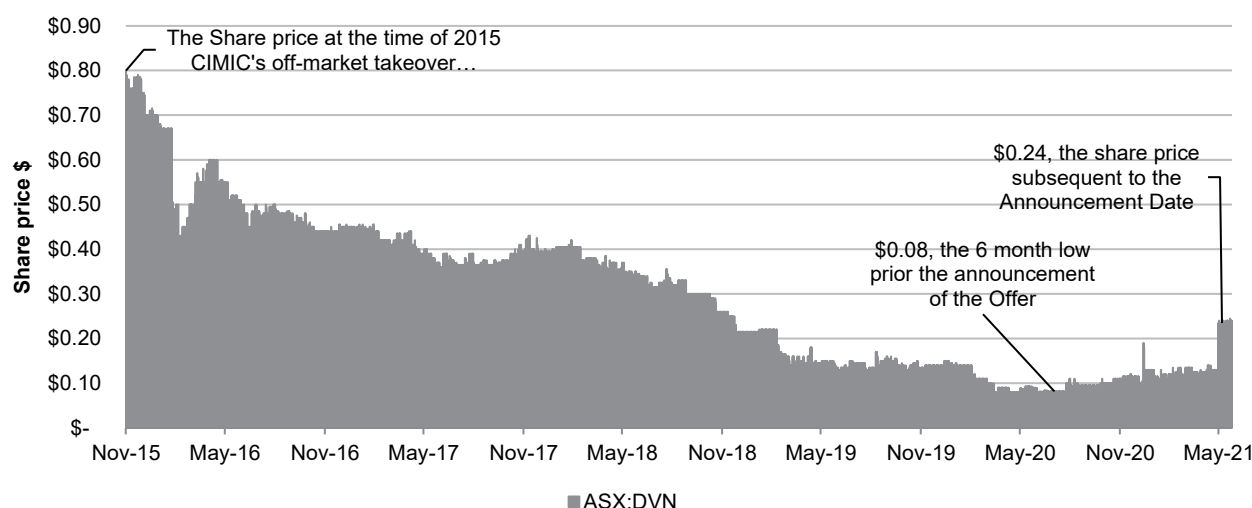


Source: Bloomberg, PwCS Analysis

5.2.3. If the Offer is not accepted, Devine's share price is likely to fall

246. Devine's share price has substantially reduced relative to the share price observed subsequent to the announcement of CIMIC's failed off-market takeover proposal related to Devine in 2015. Upon the Announcement of the current Offer the Devine Share price has increased and has traded in a range of \$0.235 to \$0.245 since then (based on closing share prices to 17 June 2021).
247. We consider that in the absence of the Offer being accepted, the Devine Share price is likely to decrease in the short to medium term, reflective of the uncertainty surrounding Devine's viability as its funding arrangements with CIMIC as a guarantor is approaching maturity in early 2022.
248. If CIMIC ceased to be a guarantor to Devine's financing, and given Devine's recent historical operating losses, Devine may face difficulty in funding its day-to-day operations or be in a position to replenish its development pipeline with any new projects.

Figure 14: Devine Share price trading subsequent to CIMIC's failed proposed takeover in 2015



Source: S&P CapitalIQ, PwCS Analysis

5.2.4. CIMIC is likely to realise additional benefits from having 100% ownership in Devine

249. Our assessment of fairness has reflected certain benefits of control available to market participant buyers of Devine. However, it may be the case given CIMIC's close existing relationship with Devine which is evidenced by numerous joint venture agreements that CIMIC is able to extract certain other benefits that are unique to it which are not taken into account in our assessment of fairness.

5.2.5. CIMIC already has control of Devine

250. CIMIC through its current ownership of 59.1% of the shares has control of Devine.
251. As a result, it is able to control the business operations of Devine and can thus influence the cash flows received by all shareholders and in particular Non-Associated Shareholders.
252. Given our assessment of fairness has been undertaken on a control basis, and acknowledging the fact we have formed the view that the Consideration is fair, it implies that Non-Associated Shareholders are receiving controlling value despite not having control.
253. In addition, the presence of a controlling interest in Devine reduces the likelihood of an alternative offer emerging.

5.2.6. Non-Associated Shareholders would forego potential upside of projects

254. If the Offer is accepted, the Non-Associated Shareholders would have no rights to any potential upside that may be realised from the underlying assets of Devine.

5.2.7. If the Offer is not accepted

255. If the Offer is not accepted:
- Devine will continue to operate as an independent ASX listed company.
 - Shareholders will retain their shares in Devine and continue to fully share in any benefits and risks associated with being a minority investor in Devine, including any benefits that could arise through continued and sustained increase in future earnings.
 - The Offer Consideration will not be paid.
 - Devine will incur transaction costs of approximately \$0.7 million.
 - The Devine Share price increased significantly on the announcement of the Offer and has traded in a range of \$0.235 to \$0.245 since then (based on closing share prices). We consider that in the absence of the Offer, an alternative proposal or speculation concerning an alternative proposal, the Devine Share price may reduce from current levels. In the medium and longer term, the Devine Share price will reflect the market's assessment of Devine's ongoing business model, operating performance as well as general movements in financial markets.

5.3. Conclusion

256. On the basis that our assessed value of the Offer's Consideration is within our valuation range for an ordinary share in Devine on a controlling basis, we consider that the Offer is fair.
257. We conclude that the Offer is reasonable on the basis that it is fair. The Offer is also considered to be reasonable due to the reasons stated above, in the absence of a higher offer.
258. In conclusion, we therefore consider the Offer is both fair and reasonable.

Appendices

Appendices	45
Appendix A. - Qualifications and declarations	46
A.1. Qualifications	46
A.2. Declarations	46
A.3. Purpose of report	46
A.4. Special note regarding forward-looking statements and forecast financial information	46
A.5. Indemnity	47
A.6. Consent	47
A.7. APES 225 "Valuation Services"	47
Appendix B. - Sources of information	48
Appendix C. - Comparable listed companies	49
Appendix D. - Comparable transactions	51
Appendix E. - Discount rate	53
Appendix F. - Glossary	54
Appendix G. - Financial services guide	56
G.1. PricewaterhouseCoopers Securities Ltd	56
G.2. About us	56
G.3. This financial services guide	56
G.4. Financial services we are licensed to provide	56
G.5. General financial product advice	56
G.6. Fees, commissions and other benefits we may receive	56
G.7. Associations with issuers of financial products	56
G.8. Complaints	57
G.9. Compensation arrangements	57
G.10. Contact details	57

Appendix A. - Qualifications and declarations

A.1. Qualifications

259. PwCS is beneficially owned by the Partners of PricewaterhouseCoopers Australia (PwC). PwC is a member firm of a network of firms of chartered accountants and business advisors. PwCS holds an Australian Financial Services Licence under the Corporations Act.
260. Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, Chartered Accountants in Australia and New Zealand (CAANZ) and the Society of Certified Practising Accountants in Australia. He is also an adjunct Professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Master of Business Administration. He has 35 years' experience with PwC and extensive experience in preparing valuations and independent expert reports as well as providing merger and acquisition advice. He is also a Partner of PwC and is an Authorised Representative of PwCS.
261. Meredith Chester is an Affiliate Member of CAANZ and holds the Chartered Financial Analyst Designation and is Business Valuations Specialist Accredited, CAANZ. She also holds a Bachelor of Business (Accounting) and a Bachelor of Mathematics from Queensland University. She has more than 14 years' experience providing expertise and skills in valuations, mergers and acquisitions, financial investigations and the provision of valuation services for financial reporting and taxation purposes. She is a Partner of PwC and an Authorised Representative of PwCS.
262. Richard Stewart and Meredith Chester were assisted by Patrick Bersée and Kishen Purushotham in the preparation of this Independent Expert Report.

A.2. Declarations

263. Prior to accepting this engagement, we considered our independence with respect to ASIC Regulatory Guide 112 Independence of Experts. Accordingly, we considered the extent and nature of other service mandates with CIMIC and Devine, and noted no assignments related to this transaction and none were material to the interests of any PwC firm. In our opinion, we are independent of Devine and the outcome of the transaction.
264. Neither PwCS nor PwC has any interest in the outcome of the Offer. PwCS is entitled to receive a fee for the preparation of this Independent Expert's Report based on time spent at our normal hourly rates for this type of work and will be reimbursed for out of pocket expenses incurred. The fee payable to us is payable regardless of the outcome of the Offer. None of PwCS, PwC, Messrs Stewart, and Ms Chester holds securities in Devine and have not held any such beneficial interest in the previous two years.
265. A draft of this report was provided to the Devine for a review of factual accuracy on 21 June 2021 with a final draft provided on 24 June 2021. No changes to our opinion arose as a result of this review.

A.3. Purpose of report

266. This Independent Expert's Report has been prepared at the request of the Directors of Devine and should not be used for any other purpose. In particular, it is not intended that this Independent Expert's Report should serve any purpose other than an expression of our opinion on whether the Offer is fair and reasonable to Non-Associated Shareholders. This Independent Expert's Report has been prepared solely for the benefit of the Directors of Devine and for the benefit of the existing Non-Associated Shareholders.

A.4. Special note regarding forward-looking statements and forecast financial information

267. Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may

cause the actual results, performance and achievements of Devine to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- a. General economic conditions.
- b. The future movements in interest rates and taxes.
- c. The impact of global pandemics such as COVID-19, terrorism and other related acts on broader economic conditions.
- d. Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to Devine in particular.
- e. Other factors referenced in this Independent Expert's Report.

A.5. Indemnity

268. In preparing this Independent Expert's Report, Devine has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Devine which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.
269. In addition, Devine has agreed that if it makes any claim against PwC or PwCS for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount Devine may recover from PwCS will be reduced by the extent of its contribution to that loss.

A.6. Consent

270. PwCS has consented in writing to this report in the form and context in which it appears being included in the Target Statement which will be issued by the Directors of Devine and which will be distributed to Devine Shareholders.
271. Neither PwCS nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the Target Statement other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

A.7. APES 225 "Valuation Services"

272. This Independent Expert Report has been prepared in accordance with APES 225 'Valuation Services'.

Appendix B. - Sources of information

273. In preparing this Independent Expert's Report, we have had access to and relied upon major sources of information, including:
- a. ASX announcements for Devine.
 - b. Annual Reports (audited) ended 31 December from 2018, 2019 and 2020 of Devine.
 - c. Final Budget Document for FY21 prepared by Management.
 - d. Discussions with Management and the advisers to Devine.
 - e. Feasibility analysis prepared by Management.
 - f. Other information provided by Management.
 - g. Information obtained from Bloomberg, Capital IQ, Mergerstat, Broker Reports and IBISWorld Industry Reports.
 - h. Other publicly available information including information from websites.
274. We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.
275. In forming our opinion PwCS has assumed that:
- a. matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.
 - b. the information set out in the Offer announcement by Devine to the ASX is complete, accurate and fairly presented in all material aspects.
 - c. the publicly available information relied on by PwCS in its analysis was accurate and not misleading.
276. In addition, PwCS assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix C. - Comparable listed companies

277. A brief overview of each of the comparable companies is provided below:

Company	Enterprise value	Market cap	EBITDA margin LTM ²	EBITDA LTM	PE multiple LTM	Price / NTA
Peet Limited	995	713	-8%	(16)	n/a	1.4x
Cedar Woods Properties Limited	845	701	18%	54	15.2x	1.8x
Sunland Group Limited	513	403	10%	29	31.1x	1.2x
AVJennings Limited	468	295	6%	12	37.1x	0.7x
Finbar Group Limited	301	279	4%	6	50.3x	1.1x
Tian An Australia Limited	84	35	NM	(24)	n/a	0.4x
Desane group holdings limited	67	61	151%	3	26.6x	1.0x
Median						1.1x
Mean						1.1x

Note 1: EBITDA Margins are presented on a net sale, post-AASB16 LTM basis

Source: S&P CapitalIQ, Financial Statements and listed announcements, PwCS Analysis as at 1 June 2021

278. A brief overview of each of the comparable companies (source: Capital IQ) is provided below.

5.3.1. Comparable company descriptions

Company	Description
Peet Limited	Peet Limited acquires, develops, and markets residential land in Australia. The company operates through Funds Management, Company-Owned Projects, and Joint Arrangements segments. The Funds Management segment provides underwriting, capital raising, and asset identification services. The Company-Owned Projects segment acquires parcels of land for residential development purpose, as well as produces non-residential blocks of land. The Joint Arrangements segment undertakes the development of land through joint arrangements with government, statutory authorities, and private landowners. As of June 30, 2020, it managed and marketed a land bank of approximately 47,300 lots. The company was founded in 1895 and is based in Perth, Australia.
Cedar Woods Properties Limited	Cedar Woods Properties Limited engages in property investment and development activities in Australia. It is involved in the urban land subdivision and development of residential, commercial, and retail projects in Western Australia, South Australia, Victoria, and Queensland. The company's property portfolio also includes medium and high-density apartments, townhouses, and office developments. Cedar Woods Properties Limited was founded in 1987 and is based in West Perth, Australia.
Sunland Group Limited	Sunland Group Limited develops and constructs residential properties in Australia. It operates through Residential Housing and Urban Development, and Multi-Storey Development segments. The Residential Housing and Urban Development segment is involved in land subdivision and medium density integrated housing developments, as well as provides project services. The Multi-Storey segment develops and sells medium-rise projects between five and 15 storeys, and high-rise developments above 15 storeys. Sunland Group Limited was founded in 1983 and is based in Brisbane, Australia.
AVJennings Limited	AVJennings Limited engages in the development of residential properties in Australia. It is involved in the land and apartment development, and integrated housing activities. The company was founded in 1932 and is based in Hawthorn, Australia. AVJennings Limited is a subsidiary of SC Global Developments Pte. Ltd.

Finbar Group Limited

Finbar Group Limited, through its subsidiaries, develops and invests in properties in Australia. It develops medium to high density residential buildings and commercial properties, as well as rents its properties in Western Australia. The company was incorporated in 1984 and is based in East Perth, Australia.

Tian An Australia Limited

Tian An Australia Limited engages in the development and sale of residential land and built-form products in Australia. It has interests in developments on the east coast of Australia and developments in the Mandurah/Peel Region of Western Australia. The company offers design and planning concepts to develop residential, commercial, and tourism projects. The company was formerly known as PBD Developments Limited and changed its name to Tian An Australia Limited in April 2016. Tian An Australia Limited was incorporated in 1985 and is based in Sydney, Australia. Tian An Australia Limited is a subsidiary of Oasis Star Limited.

Desane group holdings limited

Desane Group Holdings Limited, engages in the property development and investment activities in New South Wales, Australia. It operates through Property Development, Property Investment, Property Project Management and Resale, and Property Services segments. The company is involved in the development, management, and resale of commercial, industrial, and residential properties; leasing of properties; and provision of property and related services. Desane Group Holdings Limited was incorporated in 1986 and is based in Pymont, Australia.

Appendix D. - Comparable transactions

279. A brief overview of each of the companies acquired in the comparable transactions are provided below:

Date closed	Target	Buyer	Transaction Value (AUD m) ²	Percent Sought	P/NTA ¹
Oct-19	Villa World Limited	AVID Property Group Australia Pty Ltd	381.4	100%	0.9x
Oct-18	Gateway lifestyle group	Hometown America Corp	821.0	83%	1.1x
Dec-17	Tian An Australia Limited	Oasis Star Limited	58.7	52%	0.9x
Nov-16	Payce Consolidated Limited	Bellawest Pty Limited	613.0	50%	1.3x
Dec-15	Devine Limited	CIMIC Residential Investments Pty Ltd	10.1	8%	0.5x
Jun-13	CIC Australia limited	Peet limited	117.2	87%	0.5x
Minimum					0.0x
Median					0.9x
Average					0.8x
Maximum					1.3x

Note 1: Total transaction value has been calculated as the total consideration paid for the enterprise value of the target and includes any assumption of debt.

Source: S&P CapitalIQ

280. A brief description of each target (source: Capital IQ) is provided below.

5.3.2. Target Description

Company	Description
Villa World Limited	Villa World Limited develops and sells residential land in Australia. It operates through two segments, Property Development and Construction - New South Wales and Queensland, and Property Development and Construction - Victoria. The company also develops, constructs, and sells house and land packages. Villa World Limited was founded in 1986 and is headquartered in Broadbeach, Australia. As of October 30, 2019, Villa World Limited operates as a subsidiary of AVID Property Group Australia Pty Ltd.
Gateway lifestyle group	Gateway Lifestyle Group engages in the development and operations of manufactured homes in Australia. As of June 30, 2018, it had 58 residential land lease communities primarily in New South Wales, Queensland, Victoria, South Australia, and the Australian Capital Territory. The company was founded in 2009 and is headquartered in Sydney, Australia. As of October 15, 2018, Gateway Lifestyle Group operates as a subsidiary of Hometown America Corporation.
Tian An Australia Limited	Tian An Australia Limited engages in the development and sale of residential land and built-form products in Australia. It has interests in developments on the east coast of Australia and developments in the Mandurah/Peel Region of Western Australia. The company offers design and planning concepts to develop residential, commercial, and tourism projects. The company was formerly known as PBD Developments Limited and changed its name to Tian An Australia Limited in April 2016. Tian An Australia Limited was incorporated in 1985 and is based in Sydney, Australia. Tian An Australia Limited is a subsidiary of Oasis Star Limited.
Payce Consolidated Limited	Payce Consolidated Limited, together with its subsidiaries, engages in the investment and development of properties in Australia. The company develops residential apartments for sale, as well as owns and rents industrial and retail properties. It also operates childcare centres. The company was founded in 1978 and is headquartered in Sydney, Australia.

<i>Devine Limited</i>	Devine Limited, together with its subsidiaries, engages in the land development and construction activities in Australia. The company develops and sells apartment and mixed use projects; and constructs residential apartments. It also offers property management services. The company was founded in 1983 and is headquartered in Hamilton, Australia. Devine Limited is a subsidiary of CIMIC Residential Investments Pty Limited.
<i>CIC Australia limited</i>	CIC Australia Limited, together with its subsidiaries, is engaged in the acquisition, subdivision, development, construction, and sale of residential real estate projects. It undertakes projects in South Australia, the Northern Territory, and Western Australia, as well as on the New South Wales south coast. The company was formerly known as Jerrabomberra Estates Limited and changed its name to CIC Australia Limited in February 2010. The company was founded in 1986 and is headquartered in Canberra, Australia. CIC Australia Limited operates as a subsidiary of Peet Limited.

Appendix E. - Discount rate

5.3.3. Discount rate calculation

	Low	Mid	High
Normalised Risk-free rate	3.50%	3.50%	3.50%
Asset Beta	0.70	0.75	0.80
Debt / Equity ratio	25.0%	33.3%	42.9%
Equity Beta	0.88	1.00	1.14
Equity market risk premium	6.00%	6.00%	6.00%
Size premium	2.50%	3.50%	4.50%
Cost of equity	11.25%	13.00%	14.86%
Base rate for cost of debt	4.00%	4.50%	5.00%
Debt margin (incl. issuance costs)	0.20%	0.20%	0.20%
Pre-tax cost of debt	4.20%	4.70%	5.20%
Tax rate	30.0%	30.0%	30.0%
Post-tax cost of debt	2.94%	3.29%	3.64%
Gearing (D/EV)	20.0%	25.0%	30.0%
Weighted average cost of capital (unrounded)	9.59%	10.57%	11.49%
Weighted average cost of capital (rounded)	9.50%	10.50%	11.50%

Source: Capital IQ, PwCS analysis as at 24 May 2021

5.3.4. Beta & gearing analysis

Comparable company	Equity beta	No. weekly observations	R-squared	Standard error	Market Cap. (\$m)	3-year average debt/EV	Asset beta
Peet Limited	0.69	145	0.04	0.22	713	31.8%	0.47
Cedar Woods Properties Limited	0.98	145	0.14	0.20	669	22.0%	0.77
Sunland Group Limited	0.64	145	0.02	0.27	383	42.4%	0.37
AVJennings Limited	0.77	145	0.09	0.17	268	47.3%	0.40
Finbar Group Limited	0.80	145	0.13	0.15	274	13.3%	0.69
Tian An Australia Limited	0.65	145	0.01	0.36	33	40.3%	0.39
Desane Group Holdings Limited	0.36	145	-	0.20	59	NM	0.36
Median – narrow set	0.73					37.1%	0.44
Average – narrow set	0.77					35.9%	0.50
Median – broad set	0.69					36.0%	0.40
Average – broad set	0.70					32.7%	0.49

Note 1: NM refers to 'not meaningful'

Note 2: Asset beta prepared on a three year weekly basis excluding the period of heightened COVID-19 volatility between 20 February 202 and 30 April 2020

Source: Capital IQ, PwCS analysis as at 24 May 2021

Appendix F. - Glossary

Term	Definition
AASB15	Australian Accounting Standards Board Standard 15 Revenue from Customers and Contracts
AASB16	Australian Accounting Standards Board Standard 16 Leases
Announcement date	25 May 2021, being the date CIMIC announced the Offer
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
\$ or AUD	Australian dollars
m	Millions
Bidder's Statement	Bidder Statement lodged by CIMIC on 31 May 2021
Business day	A day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia
CAANZ	Chartered Accountants Australia and New Zealand
CEO	Chief Executive Officer
CIMIC	CIMIC Group Limited
Corporation Act	Corporations Act 2001
COVID-19	The ongoing pandemic related to the 2019 Novel Coronavirus
CRI	CIMIC Residential Investments Pty Ltd
CY	Calendar year
Communities	Devine Communities segment
Consideration	The \$0.24 cash offer for each Devine Share not currently owned by CIMIC
Devine	Devine Limited
Devine Share	A fully paid ordinary share in the capital of Devine
Devine Shareholder(s)	A holder of Devine Shares (excluding CRI as a Shareholder)
Directors	Means the current directors of Devine
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest and tax, depreciation and amortisation
EV	Enterprise value
Management	Management of Devine Limited
Market Value	Market Value is defined as the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable timeframe
FSG	Financial Services Guide
FY	Financial year
IBISWorld	IBISWorld Pty Ltd
IER	Independent Expert's Report
IFRS16	International Financial Reporting Standard 16 - Leases
Independent expert	PricewaterhouseCoopers Securities Limited ABN 54 003 311 617, holder of Australian Financial Service Licence No, 244572, the independent expert in respect of the Offer appointed by Devine

Independent Expert's Report	This report prepared by the Independent Expert to whether the Offer is fair and reasonable
JV	Joint Venture Agreement
KSD2	Devine's Hamilton Harbour KSD2 joint venture with Leighton Properties Pty Ltd
LTM	Last twelve months
Net Assets	The estimated net proceeds from an orderly realisation of assets
Non-Associated Shareholders	Shareholders other than CRI or a related body corporate of CIMIC
NPAT	Net profit after tax
NRV	Net realisable value
NTA	Net tangible assets
NTM	Next Twelve Months
NWC	Net working capital
Offer	CRI's intentions to acquire the 40.89% Devine's equity interest not already owned for a cash consideration of \$0.24 for each ordinary share
Offer Price	The Offer's consideration of \$0.24 per Devine share
PwCS	PricewaterhouseCoopers Securities Ltd
RG111	Regulatory Guide 111
Supplementary Bidder Statement	Supplementary Bidder Statement lodged by CIMIC on 8 June 2021
Target Statement	The target's statement in response to the proposed Offer by CRI
UDIA	Urban Development Institute of Australia
VWAP	Volume weighted average price
WACC	Weighted average cost of Capital

Appendix G. - Financial services guide

G.1. PricewaterhouseCoopers Securities Ltd

281. This Financial Services Guide (FSG) is dated 25 June 2021.

G.2. About us

282. PwCS (ABN 54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by Devine Limited to provide a report in the form of an independent expert's report for inclusion in the Target Statement.
283. You have not engaged us directly but have been provided with a copy of the Independent Expert's Report as a retail client because of your connection to the matters set out in the Independent Expert's Report.

G.3. This financial services guide

284. This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration PwCS may receive in connection with the preparation of the Independent Expert's Report, and how complaints against us will be dealt with.

G.4. Financial services we are licensed to provide

285. Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

G.5. General financial product advice

286. The Independent Expert's Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
287. You should consider your own objectives, financial situation and needs when assessing the suitability of the Independent Expert's Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

G.6. Fees, commissions and other benefits we may receive

288. PwCS charges fees to produce reports, including this Independent Expert's Report. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately \$110,000.
289. Directors, authorised representatives or employees of PwCS, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

G.7. Associations with issuers of financial products

290. PwCS and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or

PwCS may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

G.8. Complaints

291. If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), and external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

G.9. Compensation arrangements

292. PwCS has professional indemnity insurance in place that satisfies the compensation arrangement requirements under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to PwCS (but who did at the time of the relevant conduct).

G.10. Contact details

293. PwCS can be contacted by sending a letter to the following address:

Mr Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Ltd
GPO Box 2650
SYDNEY NSW 2001

ANNEXURE B

ASX ANNOUNCEMENTS

Date	Description
15 June 2021	CIM: Bidder's Statement – Notice of Dispatch
8 June 2021	CIM: Supplementary Bidder's Statement
8 June 2021	CIM: Supplementary Bidder's Statement
31 May 2021	Change in Substantial Holding from CIM
31 May 2021	CIM: Bidder's Statement
26 May 2021	Results of Annual General Meeting
26 May 2021	Chairman's Address to Shareholders
25 May 2021	CIMIC Takeover Bid
25 May 2021	CIM: Cash Offer of \$0.24 Per Share for Devine by CIMIC
24 May 2021	Confirmation of Devine AGM
27 April 2021	Notice of Annual General Meeting/Voting Form
31 March 2021	Devine 2020 Annual Report
31 March 2021	Devine 2020 Corporate Governance Statement & Appendix 4G
25 March 2021	AGM Date and Closing Date for Director Nominations
25 February 2021	Appendix 4E, Directors' Report & Financial Statements FY20

NOTES

This image shows a full page of blank handwriting practice paper. It features approximately 28 evenly spaced horizontal blue lines across the entire page, providing a guide for letter height and placement. The lines are consistent in color and thickness throughout.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

NOTES

[illegible]



Devine
GROUP

Devine Limited

ABN 51 010 769 365

Level 2, KSD1,
485 Kingsford Smith Drive,
Hamilton, QLD 4007

PO Box 780,
Hamilton Central, QLD 4007
P (07) 3608 6300
F (07) 3608 6333

devine.com.au
devinegroup.com.au