

Australian Microcap Investment Conference

Melbourne, 21 October 2014

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ABOUT DIPLOMA

Diploma is an award winning property development and construction company based in Perth, Western Australia

Background

- Established in 1976 Diploma started out as a boutique residential builder
- Listed on the ASX in 2007 ("DGX") and is now a vertically integrated company employing 155 staff

Strategic Focus

- Core expertise in medium to large inner-city development and construction projects
- Multiple industry awards for excellence and is a recognised industry leader in sustainable design

Presence

- All Operations in Perth, Western Australia

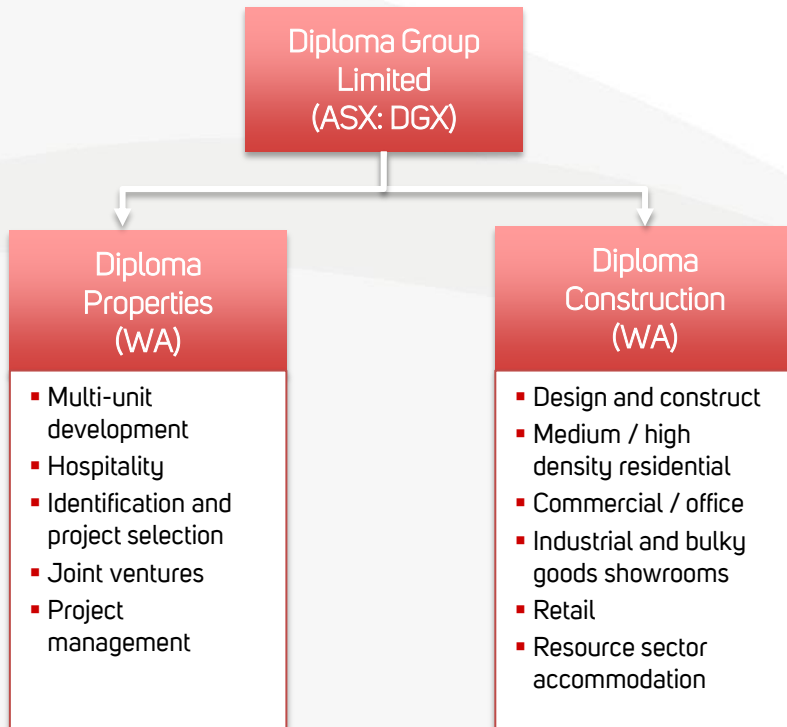
Clients

Diploma has long-standing relationships with major private sector and government clients



ABOUT DIPLOMA

Diploma has a vertically integrated business model, managing the development process from conception to sale.



Operating Divisions

Diploma Properties

- Focus on inner-city residential apartments
- Affordably priced apartments \$300k - \$700k
- Each project has separate financing with draw down and debt retirement based on sales of apartments

Diploma Construction

- Specialises in residential medium-rise, mixed use, retail and commercial property with typical projects values of \$20-\$100 million
- Provides Diploma Group with a strong and consistent cash flow and working capital
- Repeat contract work from a core group of clients

CORPORATE SNAPSHOT

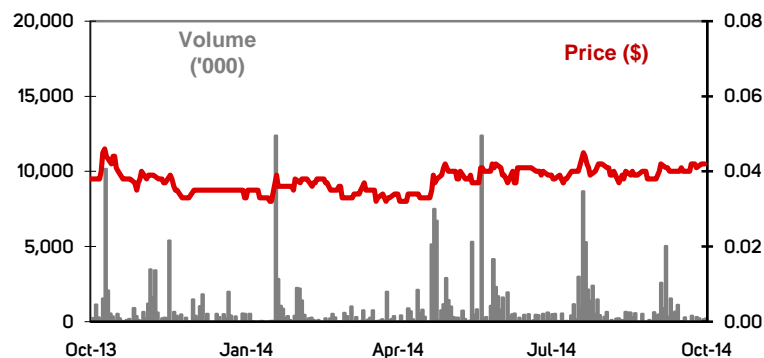
Key Metrics

| | |
|----------------------------|-----------------|
| Shares on Issue | 473 million |
| Share Price | \$0.043 |
| Market Capitalisation | \$20.3 million |
| Cash | \$7.0 million |
| Debt | *\$18.3 million |
| Net Tangible Assets | \$16.1 million |
| *All project specific debt | |

Shareholders

| Shareholder | Shares (m) | % |
|-------------------|------------|-----|
| Di Latte Family | 232 | 49 |
| M Bradley | 25 | 5 |
| Giromol | 20 | 4 |
| JH Nominees | 19 | 4 |
| UBS Wealth Manage | 15 | 3 |
| All others | 162 | 35 |
| Total | 473 | 100 |
| Top 20 | 352 | 74% |

Share Price/Volume History



Board of Directors

| | |
|----------------|--|
| Ian Olson | Non-Executive Chairman |
| Nick Di Latte | Managing Director |
| Carl Lancaster | Non-Executive Director |
| Simon Oaten | Company Secretary/ Chief Financial Officer |

HIGHLIGHTS – FY14

FINANCIAL

- Revenue of \$195M.
- NPAT of \$4.7M.
- Working capital surplus of \$3.2M.
- \$No corporate debt. All debt project specific.

OPERATIONS

- Successful capital raising of \$9.1M completed.
- 5 construction projects completed, another 9 secured.
- Construction finance secured for all projects in development pipeline.
- All developments now under construction with exception of Capri to commence in November 2014.
- Secured 185 sales worth \$84M in FY14.

OUTLOOK

- Positive outlook for new third party contracts pipeline of \$190M.
- Delivery of Quest Rockingham in FY15 and Quest Adelaide Terrace in FY16 to add \$5M plus in rental income per annum or exit to recycle \$20M of capital back into business.
- Continued opportunities to secure JV's to extend pipeline into FY17 and FY18 in a buoyant apartment market.

BALANCE SHEET

| Statement of Financial Position As at 30 June 2014 | FY14 \$'000s | FY13 \$'000s | CHANGE |
|---|-----------------|-----------------|--------|
| Cash and cash equivalents | 6,911 | 10,284 | -33% |
| Trade and other receivables | 17,994 | 29,519 | -39% |
| Inventories | 49,275 | 24,194 | 104% |
| Trade and other payables | 45,539 | 50,888 | -11% |
| Interest bearing loans and borrowings | *18,341 | 18,124 | 1% |
| Net Tangible Assets | 16,115 | 3,304 | 388% |

* All project specific in FY14, no corporate debt

A low-angle photograph of a modern high-rise building. The building features a mix of grey and white concrete panels, with prominent yellow vertical and horizontal accents. Multiple balconies with glass railings and integrated lighting are visible. In the foreground, a semi-transparent white curved shape with thin red and yellow lines overlays the bottom left corner, serving as a background for the text.

Construction Division

YEAR END CONSTRUCTION UPDATE

Completions

- One on Aberdeen - \$38M
- Move Apartments – South Beach - \$20M
- Haven Apartments – East Perth - \$20M
- Oceanna Apartments – Scarborough - \$20M
- Dan Murphys – Kwinana - \$3M

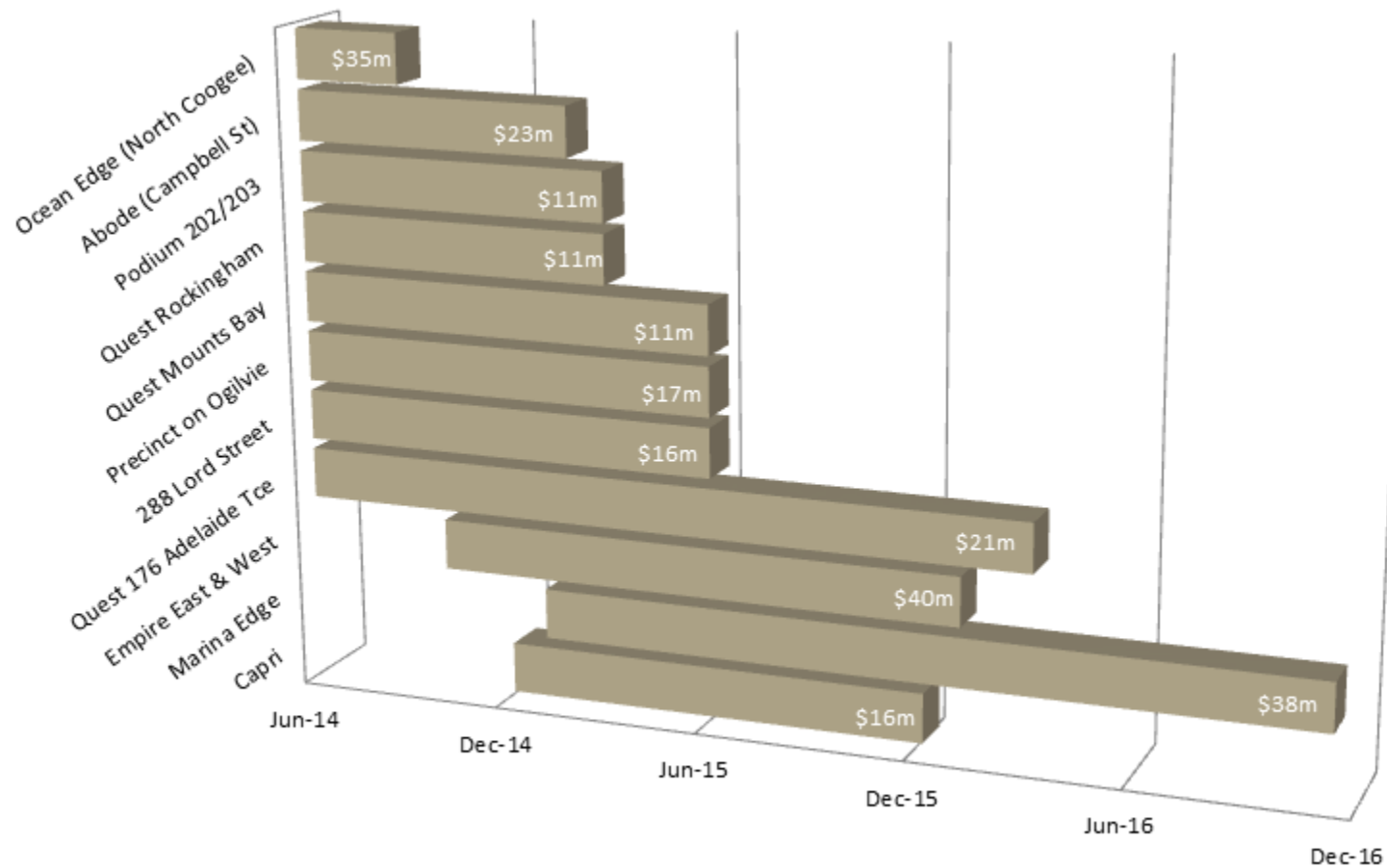
Secured Contracts

- Abode – West Perth - \$23M
 - Precinct on Ogilvie – Mt Pleasant \$16M
 - Marina Edge – Port Coogee - \$38M
 - Empire East – Perry Lakes - \$9M
 - Empire West – Perry Lakes - \$30M
 - 288 Lord – Highgate - \$16M
 - Quest Mounts Bay - \$11M
 - Quest Rockingham - \$11M
- \$154M

Construction Commencements

- Abode – West Perth \$23M
- Precinct on Ogilvie – Mount Pleasant - \$16M
- 288 Lord – Highgate - \$16M
- Quest Mounts Bay - \$11M
- Quest Rockingham - \$11M

CONSTRUCTION PIPELINE SUMMARY



A photograph of a modern building facade. The building features a large, white, rectangular volume on the left side, which has a recessed window area containing several potted plants. To the right, the building's corner is clad in light-colored, rectangular stone tiles. The ground floor has large glass doors and windows, revealing an interior with a reception desk and the word "Autism" on the wall. A red fire alarm pull station is visible on the wall near the entrance. In the foreground, there is a white, curved architectural element and a red curved line graphic.

Property Development Division

YEAR END DEVELOPMENT HIGHLIGHTS

| | |
|----------------------------|--|
| Completions | <ul style="list-style-type: none">• One on Aberdeen - \$72M |
| Approvals | <ul style="list-style-type: none">• DA received for Capri - \$30M |
| Construction Commencements | <ul style="list-style-type: none">• Abode - \$36M• 288 Lord - \$36M• Quest Rockingham - \$24M• Quest Adelaide Terrace - \$43M |
| Acquisitions / JV's | <ul style="list-style-type: none">• Nil |

PIPELINE COMPLETION SUMMARY

| | | FY14 | FY15 | FY16 |
|------------------|----------------------------------|-------------|------------|-------------|
| Project | DGX Interest | | | |
| One on Aberdeen | 25% | 67M | | |
| Abode | 50% | | 36M | |
| 288 Lord | 50% | | | 38M |
| Quest Rockingham | 100% | | | 24M |
| Quest 176 | 100% | | | 42M |
| Capri | 100% | | | 27M |
| | FY Totals (\$M) | 67M | 36M | 131M |
| | Diploma's Interests (\$M) | 17M | 18M | 112M |
| | Total Pipeline (\$M) | 234M | | |

*figures are ex-GST

Current Status:

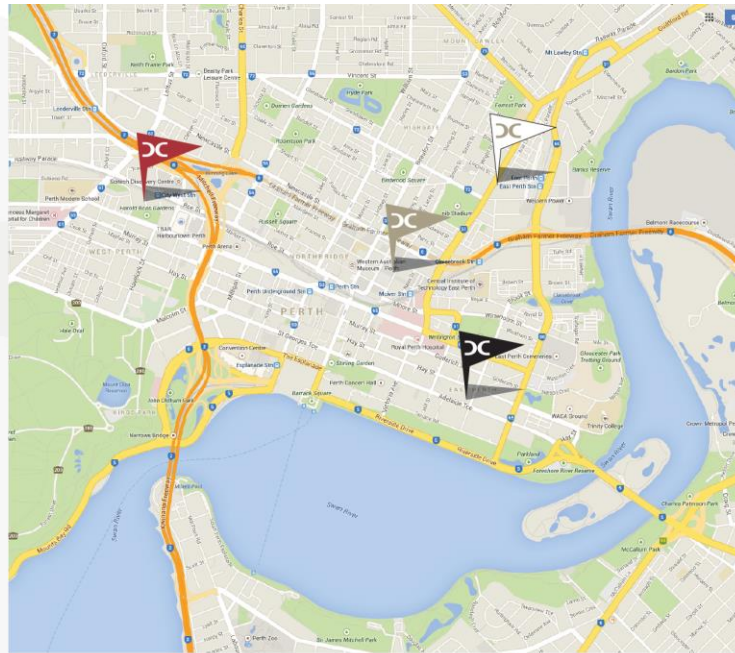
Completed

Under Construction

Approvals Received

PROJECTS LOCATION MAP

- 4 CBD projects



One on Aberdeen



288 Lord Street Highgate

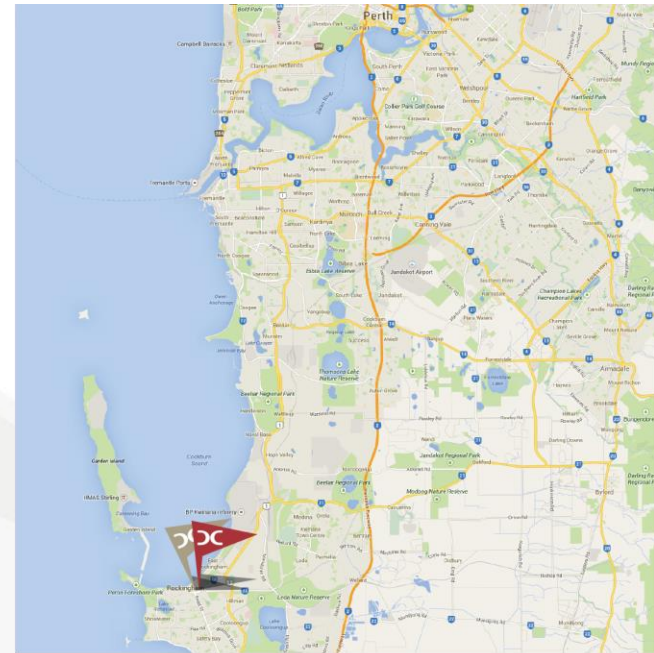


Quest – 176 Adelaide Tce



Abode

- 2 outside CBD



Quest - Rockingham



Capri - Rockingham

A modern, multi-story apartment building with a light-colored facade and dark-framed windows and balconies. The building features a mix of white and grey horizontal cladding. A red curved line graphic is overlaid on the left side of the image. The ground floor has a tiled entrance area with a wooden door and a fire hydrant box.

WA Property Market Fundamentals

WA INNER CITY APARTMENT DEMAND DRIVERS

Strongest Population Growth

- WA is growing at 3.4% p.a. or 1,587 person a week

Low Unemployment Rate

- Just 5.2% in WA, lowest in the country

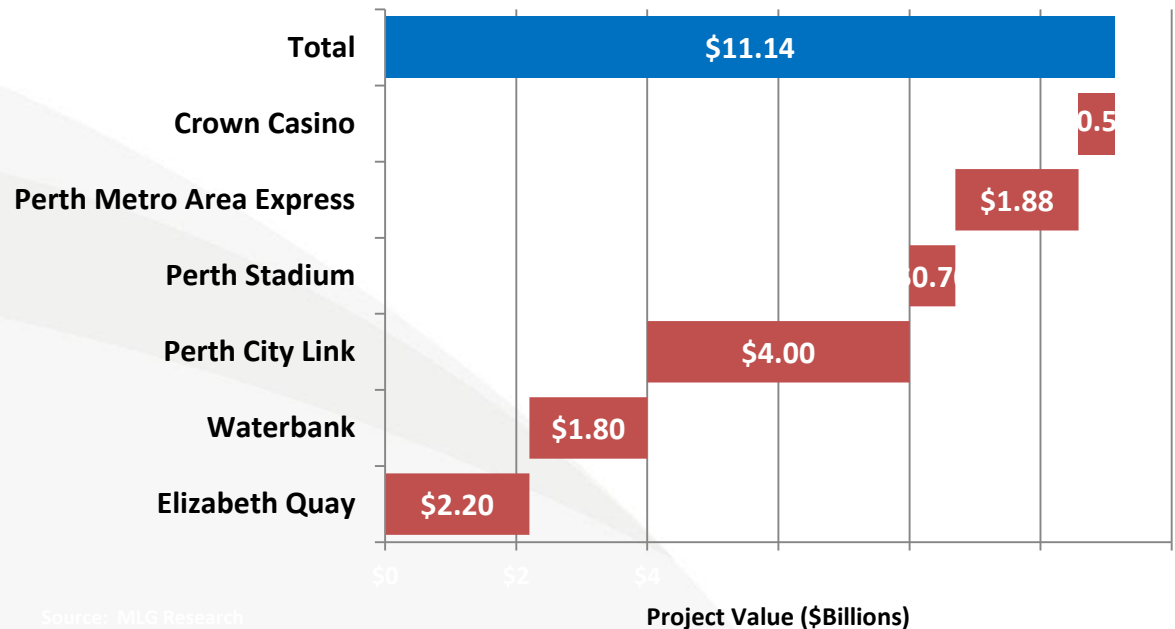
Low Interest Rates

- 5.95% for a standard variable housing loan, to remain steady until mid/late 2015

Infrastructure Projects

- Over \$11.14B planned or underway in the Perth City Area

Perth Infrastructure Projects



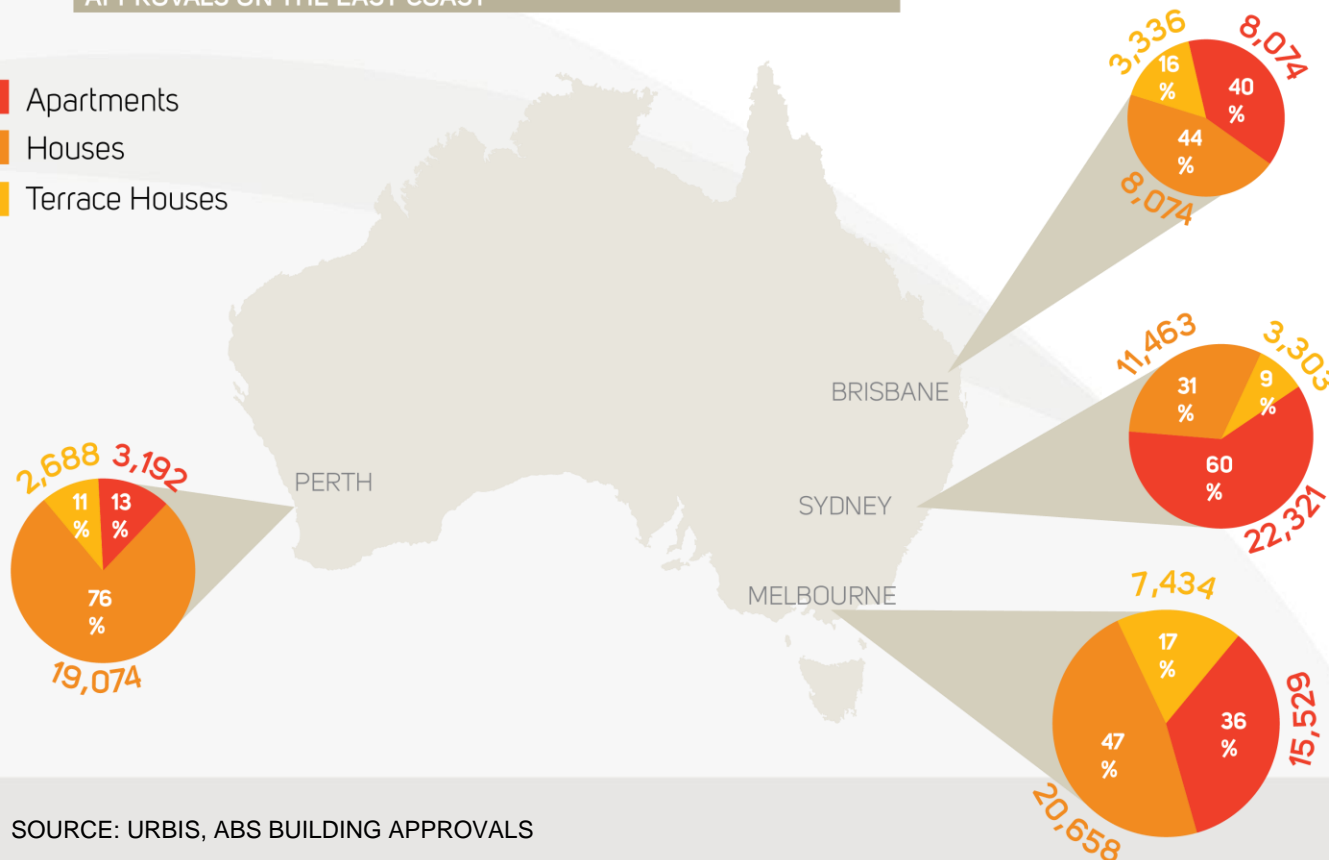
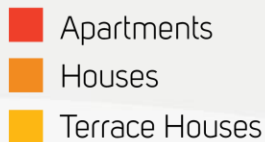
PERTH MAJOR PROJECTS



A STRUCTURAL CHANGE IN NEW DWELLINGS?

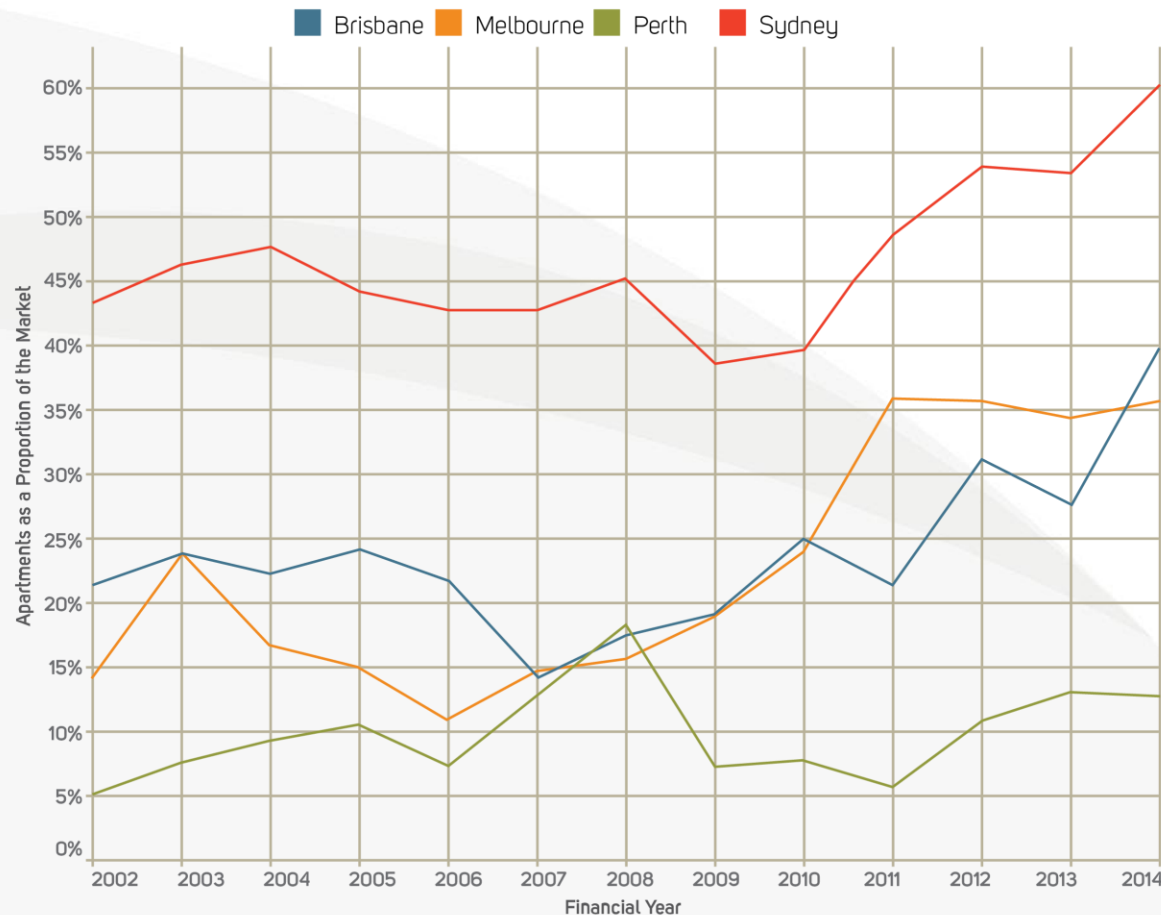
- Single residential housing dominates the new house market in Perth.
- The Eastern States have moved on, single housing now accounts for less than a third of approvals in Sydney and less than half in Brisbane.

A STRUCTURAL CHANGE IN NEW DWELLINGS?
APARTMENTS ARE NOW THE MAJOR FORM OF NEW DWELLING
APPROVALS ON THE EAST COAST



APARTMENTS MARKET SHARE WILL INCREASE IN PERTH

- Just as it has done on the East Coast, the market share for apartments will increase in Perth. What we are seeing now is just the start of the apartment market.

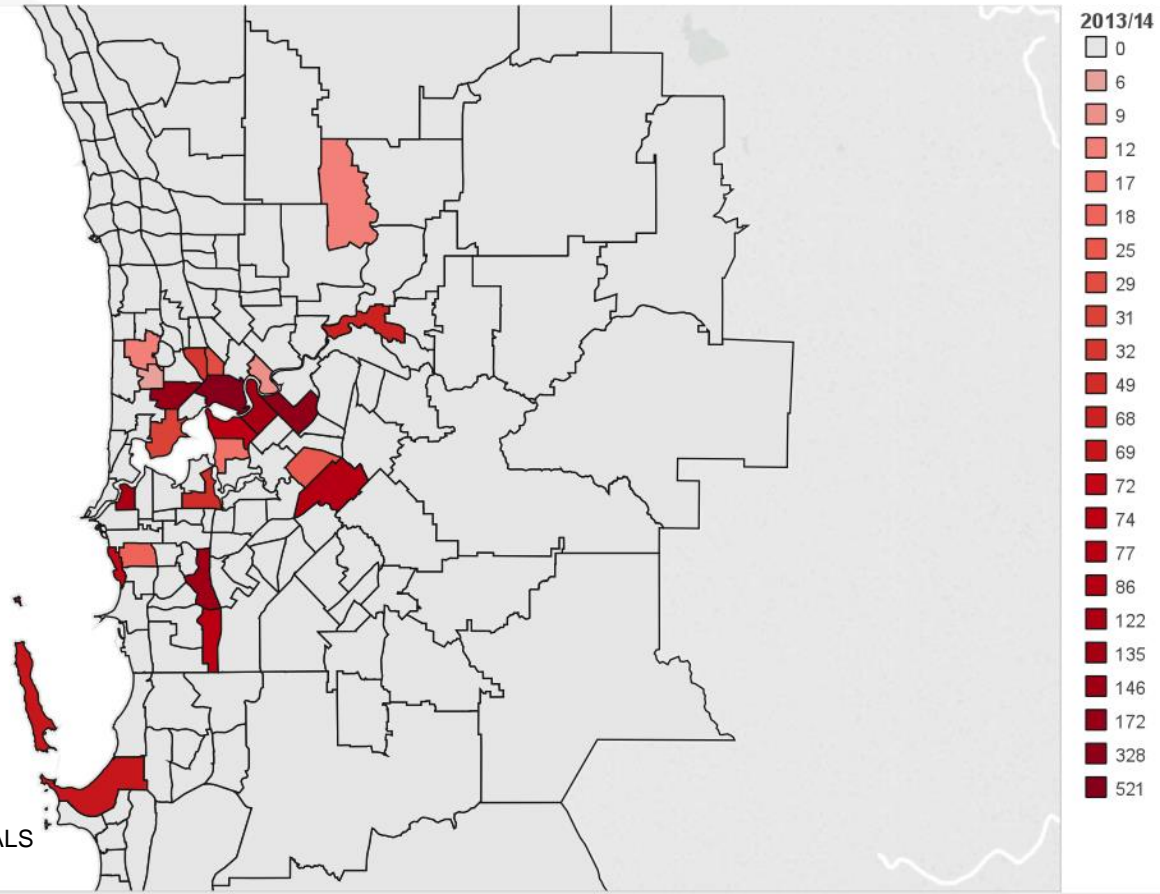


THE APARTMENT MARKET IS NOW MORE DIVERSE THAN EVER. BUT IT WILL GROW FURTHER.

2013/2014

Apartments in 23 Areas (SA2s) 25% in City of Perth
2,110 Approvals 36% of ABS “other housing”

| SA2 Name | |
|-------------------------------------|-------|
| Beckenham - Kenwick - Langford | 86 |
| Booragoon | 49 |
| Cannington - Queens Park | 25 |
| Como | 17 |
| East Fremantle | 122 |
| Ellenbrook | 12 |
| Floreat | 6 |
| Hamilton Hill | 18 |
| Maylands | 9 |
| Midland - Guildford | 68 |
| Mount Hawthorn - Leederville | 32 |
| Nedlands - Dalkeith - Crawley | 31 |
| North Coogee | 72 |
| North Perth | 29 |
| Perth City | 521 |
| Rivervale - Kewdale - Cloverdale | 328 |
| Rockingham | 69 |
| South Lake - Cockburn Central | 146 |
| South Perth - Kensington | 74 |
| Subiaco - Shenton Park | 172 |
| Success - Hammond Park | 77 |
| Victoria Park - Lathlain - Burswood | 135 |
| Wembley Downs - Churchlands - W.. | 12 |
| Grand Total | 2,110 |



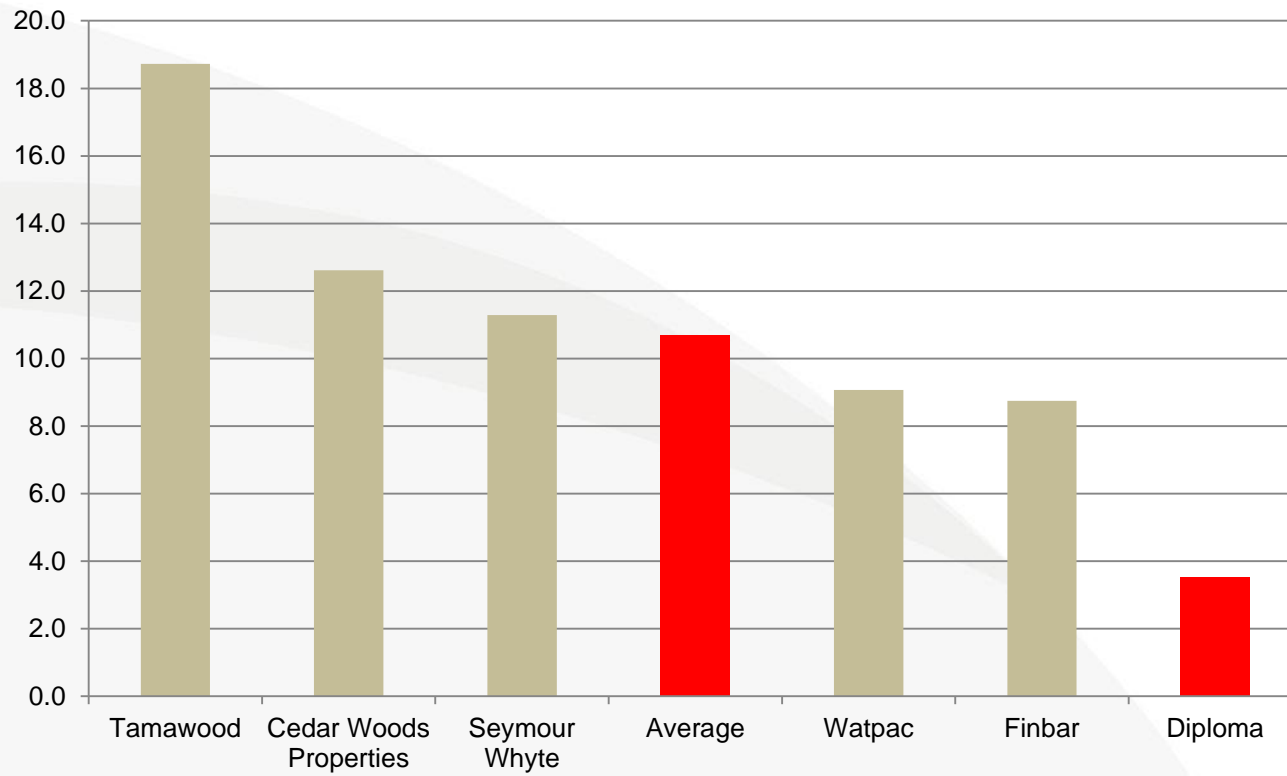
SOURCE: URBIS, ABS BUILDING APPROVALS

SUPPLY IS DEMAND DRIVEN

Increasing Apartment Demand... Why?



PEER COMPARISON



CONCLUSION

Revenue and earnings outlook is positive with:

- A stable WA economy with low unemployment and positive net migration into WA
- WA has the strongest population growth in the country with population expected to double to 4.2M over next 30 years
- Low interest rates driving investment in affordable property market
- An underlying shortage of affordable accommodation in WA due to lack of commencement of medium density apartment projects over past three years

Diploma is a well recognised brand in the market and:

- Has a core group of repeat clients which have secured extensive future pipeline projects over next 24 to 36 months
- Has been developing apartments in WA for 15 years and has the competitive advantage of an in house construction division
- Is trading in its core market which is on the cusp of following the east coast apartment surge

Looking forward:

- Diploma will focus on delivery of its two Quest Hotel projects, both now under construction, and recycle capital of \$20M+ into the Group
- Secure additional development opportunities to build pipeline in FY17 and FY18 in its core market of medium to high density apartments
- Diploma will look to return to a full year dividend in FY15



Diploma

Questions?