

8 September 2016

The Manager
Companies Announcements Officer
Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Sir

Perry Lakes Residential Project

The Company refers to an article published today in the West Australian newspaper regarding a dispute between the Company and the developer of the Perry Lakes Residential Project.

As a consequence of the developer failing to pay amounts owed to Diploma Construction (WA) Pty Ltd an application was made under the *Constructions Contracts Act 2004* which resulted in a determination that the developer was liable to pay to Diploma on or before 1 September 2016 the sum of \$896,772.91 (including GST). That amount has not been paid by the developer (and the developer is seeking a review of that determination) but in any event the Company has taken steps to enforce that determination for the purposes of recovering the amount owed.

Diploma has since lodged two further applications against the developer for adjudication under the *Constructions Contracts Act 2004* for the sum of \$288,181.91 (including GST) and those applications are awaiting determination.

Diploma is of the view that the developer did not have any right to terminate the contract as it has alleged to do so and which it sought to do after the first application for adjudication under the *Constructions Contract Act 2004* was made. The Company will seek to pursue the developer for the amounts owed under the current determination and any subsequent determination under the *Constructions Contract Act 2004* and for damages generally.

Yours faithfully

Diploma Group Limited

A handwritten signature in black ink, appearing to read "Nick Di Latte".

Nick Di Latte
Chairman & CEO