



Diploma DC

2014 Annual General Meeting

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.
- Funding secured for all projects in development pipeline.
- All developments now under construction including Capri Apartments.
- Secured 185 sales worth \$84M in FY14.

OUTLOOK

- Continue to work with existing clients on contracts pipeline of \$90M.
- Focus on delivery of Quest Rockingham in FY15 and Quest Adelaide Terrace in FY16.
- Continue to assess opportunities to secure new JV's to extend pipeline into FY17 and FY18.



Financial Update

FINANCIAL SUMMARY

		FY14	FY13	CHANGE
Revenue	\$M	195.3	163.4	20%
EBIT	\$M	5.4	3.4	59%
NPAT	\$M	4.7	1.6	194%
OPERATING CASH FLOW ⁽ⁱ⁾	\$M	(11.4)	8.1	-241%
EPS BASIC	CPS	1.2	1.0	20%
RETURN ON EQUITY	%	29.2	47.0	-38%

- (i) Development costs on internal projects are classified as "Operating" cash outflows, while the cash draw downs from the project specific debt facilities used to fund these activities are classified as "Finance" cash inflows. This creates a mismatch (or negative "Operating" cash flow) in the Statement of Cash Flows in the Financial Statements. This negative operating cash flow is reversed when settlements commence on internal projects.

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

DEBT MANAGEMENT

Project	Expected completion	Financed amount (\$m)	Drawn amount (\$m)	Maturity date
176 Adelaide Tce Perth	FY16	24.3	2.3	Jul 16
Quest Rockingham	FY15	13.2	4.0	Sep 15
Lord St Highgate	FY15	*21.0	2.9	May 16
Capri Rockingham	FY15	17.0	0.0	Jul 16
Abode	FY15	23.6	16.8	Oct 15
Other – Finance Leases		0.2	0.2	
Total		99.3	26.2	

* DGX share is 50%



Construction Update

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

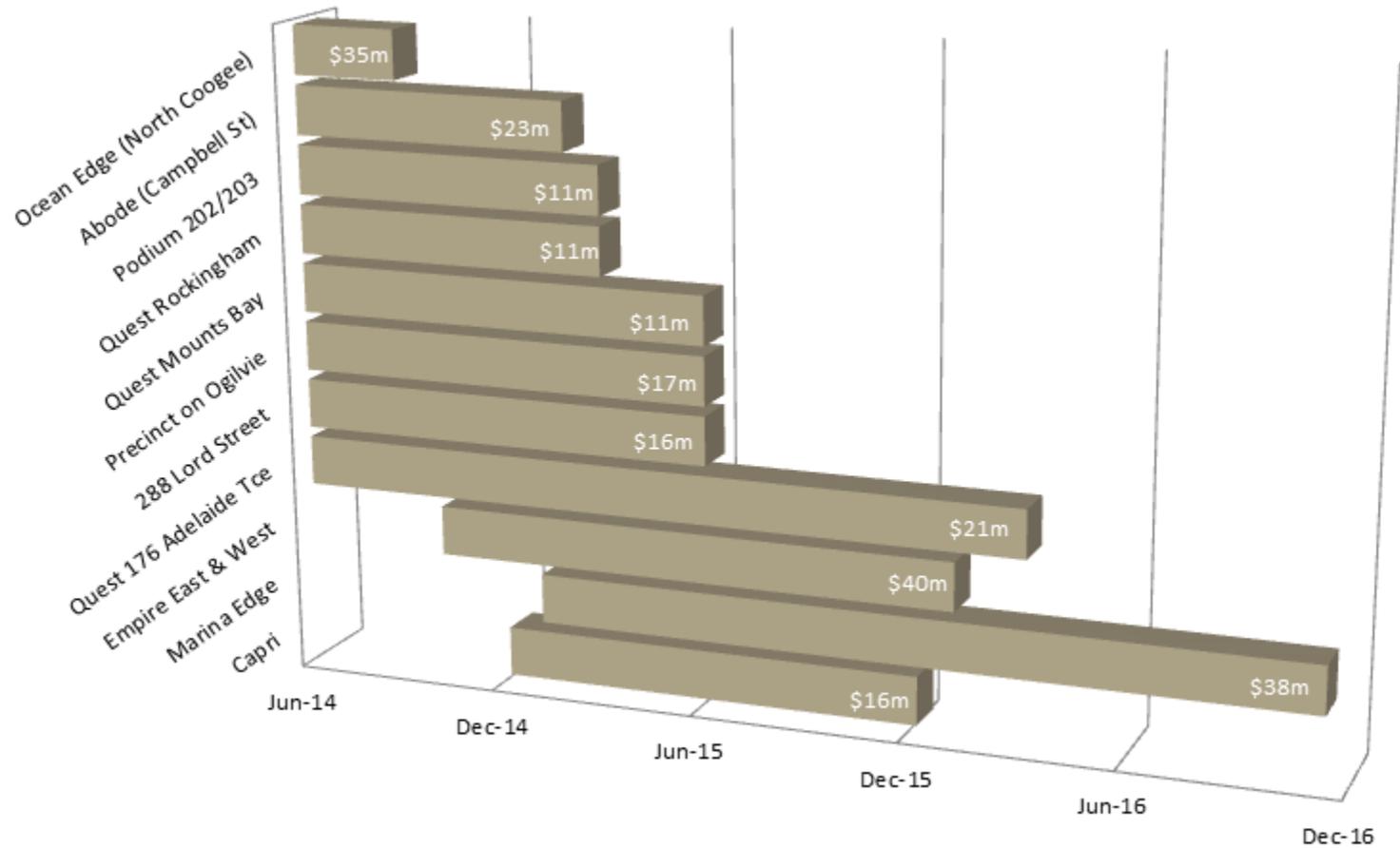
Secured Contracts

- 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





Property Development Update

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SPECIAL SERVICES

FIRE INDICATOR PANEL

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		

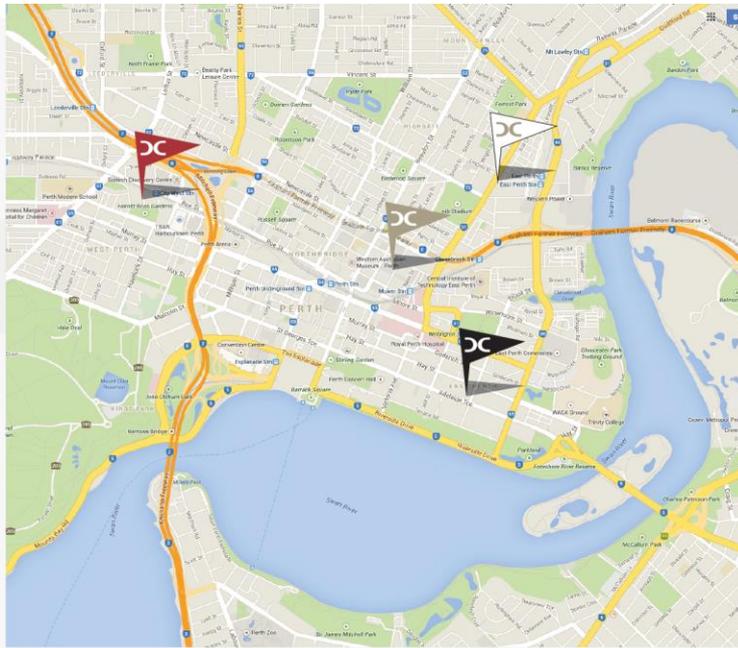
*figures are ex-GST

Current Status:

- Completed
- Under Construction
- Approvals Recieved

PROJECTS LOCATION MAP

- 4 CBD projects



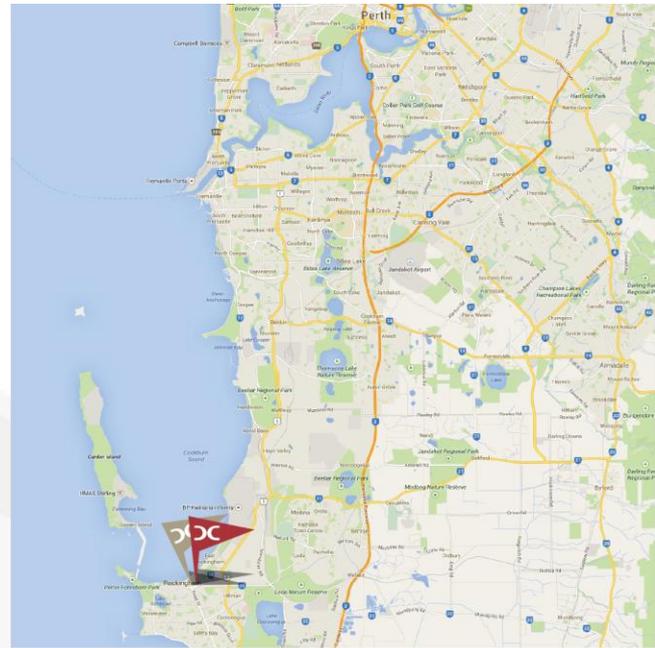
 One on Aberdeen

 288 Lord Street Highgate

 Quest - 176 Adelaide Tce

 Abode

- 2 outside CBD



 Quest - Rockingham

 Capri - Rockingham

ONE ON ABERDEEN

239 PIER STREET, PERTH

Project: 161 residential apartments plus 7 street front commercial lots (total 168) in 14 storey building. Comprising of a mix of 1 bedroom and 2 bedroom apartments with an average price of \$435,000.

- Status: Construction complete
- Ownership: 25% owned JV through SPV
- Value: \$72M
- Completed: FY14



ABODE

15 CAMPBELL STREET, WEST PERTH

Project: 86 residential apartments in a multi level building comprising of a mix of 1 bedroom and 2 bedroom apartments with an average price of \$465,000.

- Status: Under construction
- Ownership: 50% JV with land owner
- Value: \$41M
- Completion: Expected February 2015
- Sales: \$41M – 100% Presold



QUEST

FLINDERS LANE, ROCKINGHAM

Project: 48 serviced apartments with 96 keys over 6 levels located just 200 metres from the pristine Rockingham Beach. The building has been fully committed via a lease from Quest Group for an initial term of 15 years.

- Status: Under construction
- Ownership: 100% owned by DGX
- Value: 24M
- Completion: Anticipated June 2015
- Lease: 100% leased to Quest serviced apartments subsidiary



288 LORD STREET

HIGHGATE

Project: 68 residential apartments and 5 street facing commercial tenancies in a 6 storey building. The project comprises a mix of 1 bedroom and 2 bedroom apartments with an average price of \$495,000.

- Status: Under construction
- Ownership: 50% JV
- Value: \$36M
- Completion : Anticipated November 2015
- Sales: \$26M – 72% Presold



CAPRI

24 FLINDERS LANE, ROCKINGHAM

Project: 76 residential apartments in a 5 storey building located just 200 metres from the pristine Rockingham Beach. The project consists of a mix of 1 bedroom and 2 bedroom apartments with an average price of \$400,000.

- Status: Pre-selling. Construction to commence October 2014
- Ownership: Wholly owned by DGX
- Value: \$30M
- Completion : January 2016
- Sales: \$19M – 63% Presold



QUEST

176 ADELAIDE TERRACE, PERTH

Project: 98 serviced apartments with 130 keys over 19 levels located within walking distance of the Perth CBD. The building has been fully committed via a lease from Quest Group for an initial term of 15 years.

- Status: Under construction
- Ownership: 100% owned by DGX
- Value: \$43M
- Completion : March 2016
- Lease: 100% leased to Quest serviced apartments subsidiary



SUMMARY

- Construction forward order book of \$161M secured over next 18 months.
- Currently tendering/negotiating \$90M of new construction work. Tendering market remains very competitive.
- Have commenced construction of 5 internal projects with completion dates over next 18 months.
- Secured contracts for clients have taken longer to commence due to slower rate of pre sales on those projects. Commencement now expected to occur in the 2nd half of FY15.
- Strategy is to generate an even spread of internal v external construction work by leveraging the group's integrated model and relationships.