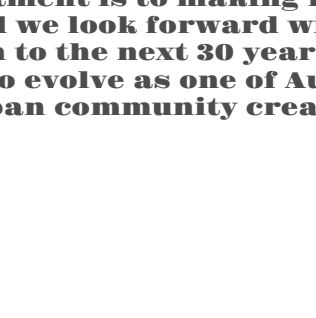
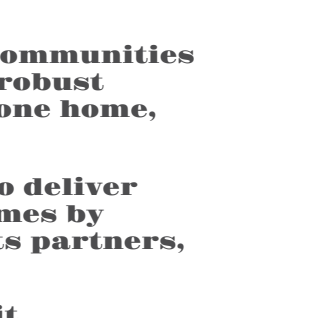
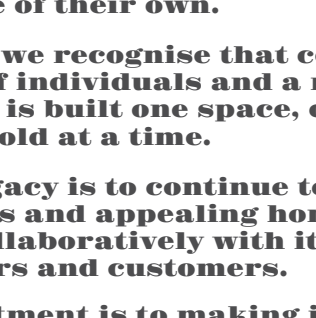
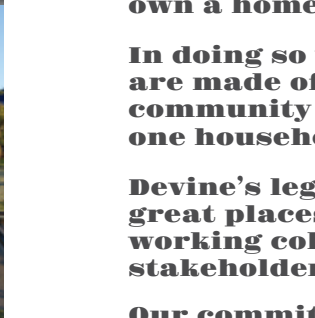
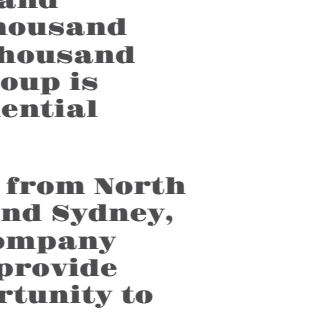




2012/13

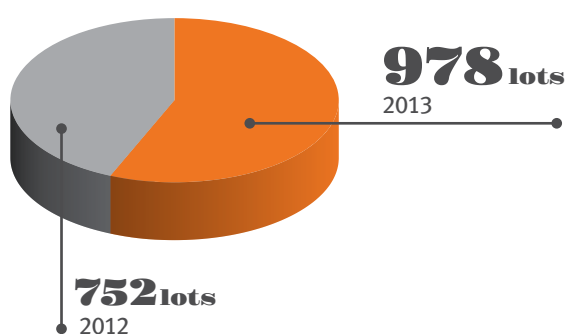
SHAREHOLDERS' BULLETIN



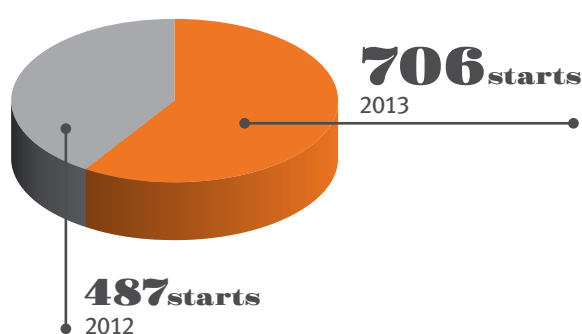
Our commitment is to making it happen and we look forward with great expectation to the next 30 years as Devine continues to evolve as one of Australia's leading urban community creators.

2012/13 KEY RESULTS

Residential Land Settlements up 30%

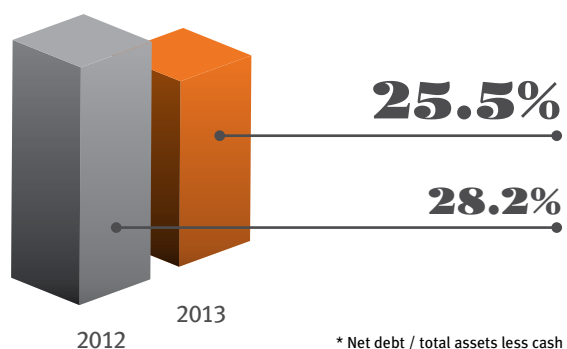


Housing Commencements up 45%



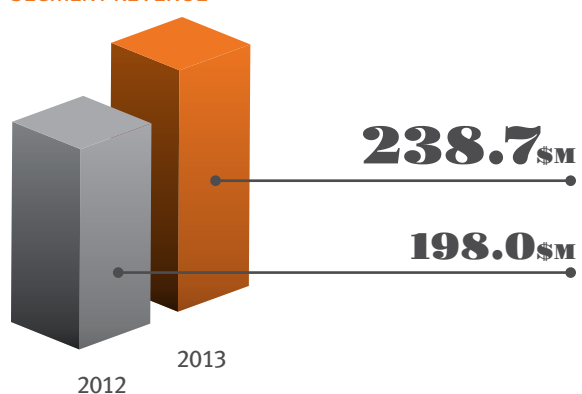
Capital Management

GEARING %*



Housing & Land

SEGMENT REVENUE





1. Hamilton Harbour's penthouses offer spectacular views of Brisbane's city skyline
2. The Devine reception at the recently completed KSD1 commercial building at Hamilton Harbour, Brisbane
3. The Hilltop Park provides an abundance of open space at Devine's The Summit, South Australia
4. The Encore, one of Devine's contemporary family homes
5. The Stonehill entry statement is a welcome landmark for the community, Victoria

CHAIRMAN'S & MANAGING DIRECTOR'S REPORT



Market conditions have remained challenging over the past 12 months with only a modest increase in dwelling commencements in Australia being recorded.

This is despite historically low interest rates and added stimulus being provided by some State Governments to promote new housing construction. Consumer confidence has remained fragile and whilst there was evidence of an uplift in confidence levels in the June 2013 quarter, buyers remained cautious as job security and concerns over broader economic conditions weighed on the market. The Company's strategy proved successful in delivering increased trading volumes and providing a sound base on which to grow the Company as market conditions begin to return to more normal levels.

FINANCIAL RESULTS

Devine's results for the year in part reflected these difficult market conditions, with an underlying operating profit after tax of \$6.4 million being recorded (FY12: \$11.1 million) on revenue from operations of \$311.1 million (FY12: \$313.9 million).

Following the termination by Devine in June 2013 of a conditional contract for the sale on one of its property development assets, the Company recorded an impairment charge of \$7 million after tax on the carrying value of that asset. This resulted in a statutory net loss of \$0.6 million being reported for the year (FY12: \$12.9 million loss).

Total assets for the Devine Group stood at \$544.4 million as at 30 June 2013 (FY12: \$569.4 million) resulting in net tangible assets per share of \$1.98 (30 June 2012: \$2.00). The Company's balance sheet remained conservatively geared at 25.5% as at 30 June 2013 (30 June 2012: 28.8%).

The Company's multi-option core debt facility with ANZ was extended out to October 2015.

In light of the result recorded for the year, Directors did not declare a final dividend (FY13: Nil – FY12: 4.0 cents).

SAFETY & ENVIRONMENT

The Company is committed to providing a healthy and safe work environment for its employees, contractors, suppliers, stakeholders and any other person who may be affected by its operational activities. This commitment extends to eliminating where possible and minimising where reasonably practicable, hazards and risks that have the potential to harm people and/or the environment. In order to achieve these objectives and minimize the risk of injury, Devine has a comprehensive Workplace Health and Safety (WHS) system in place.

This system, together with the Company's compliance with various environmental regulations, is closely monitored via monthly reports to management and the Devine Board. In the year ended 30 June 2013 there were two notifiable WHS incidents (FY12: 10).

STRATEGY

The Devine Group's growth strategy remains focused on:

- › Expansion of the Company's apartment business through re-entering the NSW market;
- › Selling developed residential lots as "land only" to other builders, investors and future homebuyers;
- › Innovative product offerings in the Housing business;
- › Securing additional "wholesale build" contracts; and
- › Diversifying the Devine Constructions business by securing selected build contracts for external customers.

As detailed further on in this report, good progress was made on the implementation of this strategy during the year and further initiatives and operational improvements will be implemented during the 2013/14 year.

DEVINE COMMUNITIES

Residential land settlements for FY13 totalled 978 – up 30% on FY12. During the year significant progress on the Group's signature Master Planned Communities was achieved (Riverstone Rise in Gladstone, QLD, Stonehill at Bacchus Marsh in VIC and Orleana Waters in Adelaide) with key place infrastructure delivered resulting in increased sales velocity. The Company has a strong presence in the key growth corridors of Brisbane, Melbourne and Adelaide and also has communities in the strong regional growth markets of Gladstone and Townsville in Queensland. Devine Communities' pipeline of future equivalent lots was 11,400 as at June 2013 which places it in a strong position as activity in the residential sector continues to improve.

DEVINE HOMES

Housing starts for the 12 months ended 30 June 2013 were 706 – up 45% on FY12. This included securing additional wholesale housing opportunities but these were offset by the continuation of a challenging retail housing market. Despite the increase in trading activity for the Housing business, it performed poorly over FY13 recording a loss which detracted from the overall result of the Housing & Land business. This stemmed primarily from pressure on selling prices and hence margins, higher marketing overheads as a percentage of turnover being incurred as a result of the tight market conditions and commencements occurring late in the financial year resulting in little turnover being generated on them. A detailed review of the Housing business was undertaken and this has resulted in a number of initiatives

being implemented to address the underperformance of this division, including:

- The appointment of a new General Manager – Housing to oversee the housing businesses in each state;
- Realigning staff numbers to reflect current trading volumes;
- Reducing the number of display homes resulting in a reduction of fixed costs;
- Refining and refreshing the Housing product range;
- Reducing build costs in order to better protect margins; and
- Streamlining building operations and efficiencies on site.

These initiatives are expected to deliver an improved performance from the Housing business over FY14 and beyond.



1. The Vibe is one of many living options available at Stonehill, Victoria
2. Designer finishes are attracting attention in Devine's new Loft Home
3. The pool amenity at Harbour One and Harbour Two residential buildings at Hamilton Harbour, Brisbane
4. Riverstone Rise offers liveable family homes, Gladstone
5. Devine's Coda display home at Orleana Waters, South Australia

DEVINE APARTMENTS

The Devine Apartments' business recorded 179 settlements for the year. Settlements occur when the residential project is completed and the decrease in settlements on the prior year reflected the fact that one residential tower at the Hamilton Harbour project was completed and settled in FY13 compared with two in FY12. A total of 604 apartments, representing 92% of the total, have now been sold and settled at this landmark project.

As at 30 June 2013, 75% of the 111 apartments in the Company's "DoubleOne3" apartment project in Teneriffe in inner Brisbane had been sold. Construction commenced on this project in April 2013 and completion is forecast to occur in the June 2014 quarter. In keeping with Devine's capital and risk management strategies, a 50% interest in the "DoubleOne3" project was sold into a Joint Venture with Investec in June 2013.

The Company's stated objective of re-entering the NSW market was realised during the year with an option secured over a 5,900 square metre site in Turramurra in Sydney which is earmarked for an 86 apartment development. Appropriate planning approvals for its development are expected to be achieved in the first half of 2014.

To further the Company's presence in the NSW market, Devine was successful through a tender process in securing a large re-development site adjacent to the Parramatta CBD. This site is earmarked for a multiple-stage apartment project totalling approximately 350 apartments with marketing expected to commence in FY15.

Devine has also acquired a 1,919sqm site in the prestigious Brisbane riverside suburb of Newstead with plans to build an \$80 million apartment development. The proposed 12-storey development will feature 157 one and two bedroom residential apartments and is expected to be launched to the market in early 2014.

The pipeline of future apartment development opportunities stood at 2,300 at June 2013.

DEVINE CONSTRUCTIONS

Revenue for the Devine Constructions' business was \$56 million and this division also achieved a number of milestones in the FY13 year. These included:

- › Completion in November 2012 of the third residential tower, "Riverside", at Hamilton Harbour;

- › Completion in March 2013 of the first commercial building known as "KSD1" at Hamilton Harbour. Eighty per cent of this project is now leased;
- › Commencing the construction of the "DoubleOne3" project in April 2013; and
- › Consistent with the Group's strategy, Devine Constructions tendered for and has been awarded the construction contract for the Alex Perry Residential project. Alex Perry Residential is a large scale apartment project being developed by third party developer Chrome Properties and project managed by Xede Property Services.

Devine Constructions continues to bid for work for selected external customers.

BOARD, GOVERNANCE & CORPORATE CHANGES

Devine's former Chairman, Doug Ridley retired from the Board at the end of December 2012. Doug joined the Board in January 1999 and during his time with the Company, served as Chairman on two separate occasions and also served as a member of both the Audit and Remuneration and Nomination Committees. On behalf of Directors and management and the wider Devine team we record our appreciation for Doug's contribution over his 14 year association with Devine.

Ms Judith Downes joined the Board as an independent non-executive Director on 1 January 2013. Judith has extensive experience in various senior accounting and finance roles, having held senior executive positions with top 100 ASX listed companies including one of Australia's top four banks. She was appointed to the Audit Committee in February of this year and her depth of experience in accounting and finance disciplines will allow her to make a valuable contribution as a Director and member of the Audit Committee.

The Company's commitment to diversity is articulated in the Directors' Report section of this Annual Report. It outlines the key elements of Devine's Diversity Policy and the measurable objectives that the Company has set. Good progress was made during the year in meeting these objectives and this will continue to be actioned in the 2013/14 year and beyond.

The *Corporations Act 2001* (Sec 323D (3)) requires that, given Leighton's position as a "controlling shareholder" in Devine, Devine is required to align its financial year to that of Leighton. Accordingly Devine will change its financial year-end

from 30 June to 31 December to align with that of Leighton. This change will occur via a transitional six month reporting period for the period 1 July 2013 to 31 December 2013 before reverting to a 12 month financial year, the first of which will commence on 1 January 2014 and end on 31 December 2014.

COMPANY OUTLOOK AND FOCUS

Whilst dwelling commencements are forecast to show modest improvement over the next 12 months, the level of net migration to Australia, the low interest rate environment, state governments re-focusing their incentive programs for first homebuyers on new dwellings and the underlying stock deficiency in dwellings in most major markets are all positive factors for the residential sector over the next few years.

Devine's pipeline of current and future developments is well represented in the growth corridors of the Brisbane, Melbourne and Adelaide markets. This together with its residential communities in a number of key regional markets including Gladstone and its planned return to the NSW market provides a sound base from which to grow sales volumes and profits as the residential sector improves.

An update on trading conditions and the outlook for the six months to 31 December 2013 will be provided at the Company's AGM to be held on 1 November 2013.

In concluding, on behalf of the Board our thanks go to the management and staff at Devine for the contribution they have made to the Company over what has been another challenging year for the property sector. We also acknowledge the valuable support of Devine's shareholders, customers and suppliers and subcontractors as we continue to position the Group for sustained success in future years.



Peter Dransfield
Chairman



David Keir
Managing Director &
Chief Executive Officer

BUSINESS ACTIVITY REPORT

From the announcement of new development opportunities that will deliver future earnings, to welcoming the first residents at signature community developments and realising the completion of projects large and small; the activities of the past year represent the Group's diversity strategy in action.

RIVERSTONE RISE DOMINATES MARKET

The \$1.4 billion Riverstone Rise community in Gladstone is dominating the city's property market achieving 30% market share in only its first year of trading.

There has been over \$79 million in sales since the launch of the project in March 2012.

The master planned community is now transforming into the region's most popular new address.

General Manager Devine Communities, Andrew Brimblecombe, said Riverstone Rise had achieved an excellent outcome so early into the project.

"Riverstone Rise has welcomed its first residents, features the largest display village in Gladstone with eleven homes and is well on its way to realising its vision as Gladstone's first truly master-planned community," he said.

1. Work progressing at Devine's Riverstone Rise, Gladstone
2. Corimba Park at Riverstone Rise, Gladstone
3. The new Loft at Stonehill, Victoria



DEVINE COLLABORATES ON HEATHMONT PLACE

As an example of Devine's wholesale building strategy in action, Heathmont Place in Melbourne is progressing both in construction and sales with one third now sold.

Construction of Stage 1 homes is at 50% completion and earthworks have begun on Stage 2a with plans to release eleven homes in Stage 3 in the near future.

General Manager Devine Homes, Simon Norris, said Heathmont Place is the first of many collaborative projects in Melbourne that Devine is targeting to work with business partners in the industry.

"Heathmont Place is a collaboration between Places Victoria and other partners with Devine providing design input, construction and sales management," he said.

"The project is attracting a diverse range of buyers including young families, singles and empty nesters."

On completion the 3.6 hectare master-planned community in Melbourne will incorporate 66 architecturally designed homes and town homes.

STONEHILL EXCEEDS 100 SETTLEMENTS

The Stonehill community at Bacchus Marsh in Victoria continues to take shape with over 100 settlements achieved to date.

The community has attracted a variety of first and second home buyers due to its diverse housing choice and planned amenities including schools, retail centre and a range of active open spaces and parklands.

Also attracting attention at Stonehill are the recently launched series of innovative homes such as The Loft which is inspired by the iconic Californian bungalow and is unlike anything currently available in the Melbourne market.

General Manager Marketing and Sales, Warren Thomson, said The Loft is the first of a range of new living innovations to be delivered to the market by Devine.

"Stonehill will lead the way in product innovation with a series of new homes being launched in the coming year, which will cater to the community's diverse buyer profile," he said.

DEMAND CONTINUES AT ORLEANA WATERS

The demand for home and land packages at Devine's Orleana Waters at Evanston Gardens in Adelaide has seen over 160 sales at the community since its launch in March last year.

There are approximately 125 people now living in the community with the population on the rise with currently two homes completed per week.

The community has achieved another milestone with the Stage 2 civil construction finalised in preparation for further home construction.

Manager Devine Communities, South Australia, Mark Devine, said with only a handful of allotments remaining in Stage 2, the community continues to live up to its reputation as a pre-eminent destination in Adelaide's north.

"Orleana Waters will be developed over the next seven years and grow to become home to over 2,000 people," he said.

4. Water feature at the entry of Orleana Waters, South Australia



HAMILTON HARBOUR REALISED

With 1,500 residents living at Hamilton Harbour in Brisbane, the vision of a vibrant mixed use precinct has been realised with the completion of the third residential tower and the KSD1 retail and commercial building.

Hamilton Harbour's retail and commercial component now boasts key tenants including Devine, Woolworths, Anytime Fitness, Coffee Club, Domino's and Flight Centre.

General Manager Apartments, Cameron Mana, said Hamilton Harbour is an example of a landmark community.

"With over 600 of Hamilton Harbour's apartments sold, the community is now established with a mixture of residential, retail and commercial offerings," he said.

DEVINE MAKES A PUSH INTO NEW SOUTH WALES APARTMENT MARKET

Devine is continuing its expansion into the New South Wales residential apartment market following the announcement that the Group is in a preferred position for the acquisition of a 2.25ha site in Parramatta.

Devine is proposing to build a \$180 million development with up to 350 apartments across a number of multi-storey buildings at a site in Morton Street, adjacent to the Parramatta CBD fringe.

The project is expected to launch in early 2015, with construction to commence the following year.

Managing Director and CEO, David Keir, said Devine has a successful history of apartment projects with 3,500 completed with a value of more than \$1 billion since 1996.

"This has included developments such as Victoria Point Docklands, River Place, Charlotte Towers and the newly completed Hamilton Harbour precinct," he said.

DEVINE RECOGNISED WITH WORKPLACE GIVING AWARD

Devine's workplace giving and community engagement program has been recognised with the announcement it had won a prominent national award by The Australian Charities Fund (ACF).

After increasing workplace giving participation by 62%, Devine was the recipient of the ACF Workplace Giving Month 2013 Engagement Award.

In announcing the award, Margaret Smith - General Manager at The Australian Charities Fund said that on behalf of the fund she warmly congratulates Devine on achieving such a great result through Workplace Giving Month.

"Our research shows workplace giving is a powerful vehicle to create much greater levels of social impact, whilst also delivering value through staff engagement and improved business outcomes," she said.

Devine's workplace giving and community engagement program matches up to \$25,000 of employee donations for chosen charities, Redkite and Kids Under Cover.

In FY13, Devine matched \$25,000 of employee workplace giving contributions dedicated to the chosen charities.

General Manager, Corporate Services, Jacque Courtney-Pitman, said Devine is committed to ensuring it operates in a sustainable, ethical and safe manner, as well as focusing on the well-being of all stakeholders.

"Our workplace giving and community engagement program is a great opportunity for our staff to contribute to the community through financial giving, volunteering and sharing our expertise," she said.



1. KSD1 at Hamilton Harbour, Brisbane



2. Parks Edge (Victoria) is proving a popular choice for active growing families



3. Artist's impression of the Alex Perry Residential project, Brisbane

SIGHTS SET ON NEWSTEAD APARTMENT PROJECT

Devine recently announced the acquisition of a 1,919sqm site in the prestigious Brisbane riverside suburb of Newstead with plans to build an \$80 million apartment development to be known as Mode Apartments.

Located in Wyandra Street, the planned 12-storey development will feature 157 one and two bedroom residential apartments.

The project will appeal to the active investment market in Brisbane with prices expected to be within the \$415,000-\$650,000 range.

General Manager Apartments, Cameron Mana, said Mode Apartments is expected to launch to market in early 2014.

"Located only three kilometres from the Brisbane CBD, Mode Apartments will offer a vibrant inner-city lifestyle," he said.

"The project follows on from Devine's other inner-city apartment developments in Brisbane, the \$500m Hamilton Harbour at Hamilton and the \$58m DoubleOne3 development in Teneriffe."

THE GLENN FULLY BUILT

Devine's community, The Glenn, at Morphett Vale in South Australia will soon sell out after launching only two years ago.

With only one home left for sale, the community features 53 premium Devine home and land packages.

General Manager Devine Homes, Simon Norris, said The Glenn presented a rare opportunity for buyers.

"It is an example of the small scale infill opportunities that Devine will continue to actively pursue across all regions in which we operate," he said.

"Located in Adelaide's inner south, The Glenn is located within walking distance to shopping and easy access to walkways and bike tracks."

"It has a great choice of schools and childcare facilities and is just minutes from the Southern Expressway and 30 minutes to the Adelaide CBD."

DEVINE CONSTRUCTIONS AWARDED ALEX PERRY RESIDENTIAL CONSTRUCTION CONTRACT

Devine's construction business, Devine Constructions, has been awarded the construction contract by Chrome Properties for a new Brisbane apartment development.

Devine Constructions was appointed principal contractor after a competitive tender process.

The Alex Perry branded apartment project is being developed by Chrome Properties and project managed by Xede Property Services.

The project is a 12-storey apartment building on the corner of Ann and Chester streets in Brisbane's Fortitude Valley, 1.5 kilometres north-east of the CBD.

General Manager, Constructions, Michael Tucker, said securing the contract was a great achievement.

"Devine Constructions has built a number of large multi-level and medium size commercial and apartment projects since being established in 2005 and we are committed to diversifying our portfolio with external construction opportunities," he said.



Devine
GROUP

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