



Devine
GROUP

Devine Limited Shareholders' Bulletin

March 2013



Chairman's Message

The Company's results for the half-year ended 31 December 2012 were released to the ASX on the 1st February. In accordance with our usual practice, this communication is intended to inform you about those results and about current and future activities and the outlook for the Devine Group.

Trading conditions in the residential property sector remained difficult throughout calendar year 2012. Based on the latest information available, total housing commencements for the year ended September 2012 were 88,062 which was 18 percent down on the average level of annual commencements in the preceding 10 years and 26 percent lower than the level recorded in 2002, 10 years prior.

Despite these difficult conditions, the post-Christmas/New Year enquiry levels for Devine have been encouraging. This in part reflects the improvement in housing affordability which has resulted from the lower interest rate environment. There has also been a strong response to the company's new apartment project at Teneriffe in Brisbane with 70 percent of the 111 apartments in the project now sold.

A net profit after tax of \$4.2 million was reported for the six months to 31 December 2012. This compared to \$7.3 million for the corresponding period to 31 December 2011. The profit was generated on revenue of \$173.0 million which compared to \$196.9 million for the six months to December 2011.

The company has maintained a strong balance sheet over the period. Total assets for the

Group stood at \$550.5 million at December 2012 (\$569.4 million at 30 June 2012) and were conservatively geared with gearing at 23 percent at 31 December 2012 (28 percent at 30 June 2012).

Key trading and operational highlights are set out in the Directors' comments which are reproduced in full on the following pages. There are however two highlights that I would like to specifically mention. These are the completion of the third residential tower, "Riverside" at the company's Hamilton Harbour development. This was constructed by Devine Constructions and settlements commenced in November 2012. Another key milestone was the completion of the first stage of the company's master planned community, "Riverstone Rise" in Gladstone. This stage was virtually sold out and settlements have progressed well.

There have been two key changes to the Company's Board over the last two months. After 14 years as a Director of Devine Limited, Mr Doug Ridley retired from the Board effective on 31 December 2012. His tenure on the Board included two terms as the company's Chairman and I succeeded him in that role in July of last year. Doug's extensive

experience in the housing and land sector and his stewardship of the Company during some difficult times are recognised and valued by his former Director colleagues.

Ms Judith Downes joined the Board effective from 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. Her depth of experience in the accounting and finance disciplines will allow her to make a valuable contribution to the company over coming years and I welcome her to Devine.

The following pages will provide you with more detailed information on the financial results and operations of the Company and will also provide you with an update on a number of existing and new projects. I hope you find it informative.

Peter Dransfield
Chairman

Directors' Comments

Half-Year Ended 31 December 2012

(1 February 2013)



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The Directors of Devine Limited (Devine) announce the following results for the half-year ended 31 December 2012.

- Total statutory revenue from operations of \$173 million. Additional revenue of \$34.5 million which includes Devine's share of the settlement of apartments at the Hamilton Harbour joint venture project is not included in the statutory revenue;
- Net profit after tax of \$4.2 million (pre-tax \$6.1 million);
- Positive operating cash flow surplus of \$30.1 million;
- Strong balance sheet with gearing levels (net debt / total assets less cash) reduced from 28% at 30 June 2012 to 23% at 31 December 2012.

MARKET CONDITIONS AND OPERATING HIGHLIGHTS

As reported in the earnings update provided to the market on 5 November 2012 and again at the Company's AGM held on 23rd November 2012, trading conditions in the housing and residential land sectors have been and remain challenging. Housing starts remain at their lowest level for many years with soft demand and a lack of consumer confidence key factors.

Despite housing affordability improving over the past year as a result of the lower interest rate environment, buyer confidence is still fragile and securing mortgage finance remains difficult for many prospective home buyers. These market dynamics persist despite tight rental conditions existing in most major markets. With interest rates forecast to continue to trend down over the 2013 calendar year, Directors are of the view that buying a home versus renting a home will become compelling again over the course of this calendar year leading to a gradual increase in market activity.

Despite these persistent market conditions the Group reported improved land settlements and housing starts compared to the prior corresponding period:

- 486 residential lots settled;
- 316 housing starts; and
- 131 apartments settled.

Solid enquiry and sales levels towards the end of the half-year has provided a strong carry-in for the second half with 70% of forecast full year settlements secured at the end of December 2012.

Some of the key operating highlights achieved over the past six months include:

- Completion and settlement in November 2012 of the first stage of the Company's master planned community in Gladstone, "Riverstone Rise";
- Completion and settlements occurring on the first stage of Devine's master planned community, "Orleana Waters", at Evanston Gardens in Adelaide;
- Devine's Victorian operations securing an additional 131 wholesale build contracts (the construction of houses and retirement units for corporate clients) in the six month period;

- Settlement of 131 apartments at the Hamilton Harbour project in Queensland. A total of 551 apartments, representing 84% of the total, have now been sold and settled at this landmark project;
- Additional sales achieved on Devine Apartments' "DoubleOne 3" project at Teneriffe in inner Brisbane. With 70% of the 111 apartments in the project now sold, construction of this project, to be undertaken by Devine Constructions, will commence in February 2013;
- Completion by Devine Constructions of the third residential tower, "Riverside", at Hamilton Harbour;
- Devine Constructions progressing ahead of schedule on the first commercial building at Hamilton Harbour. To be known as "KSD1", completion is scheduled to occur in March 2013 and it will become the new corporate headquarters of Devine in Brisbane. This move will see Devine's current three office locations in Brisbane consolidated into a new single office;
- The sale and settlement of a Brisbane CBD site (111 Margaret Street) which was surplus to Devine's future development plans and was consistent with our capital management strategy;
- The proposed re-entry into the NSW market with an option secured over a 5,900 square metre site in Turrumurra in Sydney, earmarked for an 86 apartment development. Pending achievement of appropriate planning approvals, development is expected to commence in 2014; and
- The Company's development pipeline totalled approximately 13,600 equivalent lots at December 2012. This continues to place Devine in a strong position as upturn in activity in the residential sector grows.



STRATEGY

The Company's growth strategy remains focused on:

- innovative product offerings in the Company's Housing business;
- securing additional "wholesale build" contracts;
- selling developed residential lots as "land only" to other builders, investors and future home buyers;
- expansion of the Company's apartment business through re-entering the NSW market; and
- diversifying the Devine Constructions business by securing selected build contracts for external customers.

OUTLOOK

Market conditions remain weak in many markets across Australia. Improvement in housing market activity is beginning to become evident with continually improving housing affordability, low interest rates, low rental vacancies and in some States, the impact of Government stimulus packages.

Devine's approach to delivering affordable homes in quality residential communities, whilst maintaining a clear focus on operating expenses and exceptional customer service, is resulting in improving trading volumes and strong enquiry levels. Directors re-confirm the guidance provided at the Company's AGM in November last year which is for a profit before tax of approximately \$10 million for the 2012/13 year. This assumes that the recent improved trading conditions are maintained. Directors have determined that consideration of the payment of a dividend for the year will be deferred until the full year's results are confirmed.



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1. Central Park Villas have been recognised by the HIA, winning the 2012 Housing Award for Affordability, Queensland region.
2. Strong sales results at Devine's DoubleOne 3 Apartments prove buyers are ready to purchase quality, affordable apartments in excellent locations.
3. First home buyers, Suzanne and Sean Lindsay, found their perfect block of land at Devine's Parks Edge community in Melbourne's high-growth south east corridor.

Results Summary

A summary of the financial results for the half-year ended 31 December 2012 is provided below:

(\$ millions unless otherwise stated)	Half-Year Ended	
	December 2012	December 2011
Revenue from operations *	\$173.0	\$196.9
Profit before Tax	\$6.1	\$10.4
Net Profit after Tax	\$4.2	\$7.3
Net Tangible Assets - \$ per share	\$2.01	\$2.15
EPS - cents per share	2.6	4.6
Interim Dividend (Fully Franked) - cents per share	-	2.0

*Excludes Devine's share of revenue from joint ventures (December 2012 half - \$34.5M, December 2011 half - \$90M).



MD & CEO's Update



The vision for Hamilton Harbour (Brisbane) is being realised, with the project comprising three residential towers, retail and commercial precincts and a high-street boulevard.

The first half to the end of December 2012 has been a positive period for Devine with a number of initiatives paving the way for us to deliver on our full year profit guidance.

Major highlights of the half include the continued success of the Hamilton Harbour project; the release of plans to enter the New South Wales market with an apartment development on Sydney's Upper North Shore; the success of our new wholesale home building operations and the growing success of flagship communities in Victoria, South Australia and Queensland.

These achievements are reflective of our market diversification strategy which is built around delivering new, high-quality products and expanding our geographic scope. The approach continues to deliver profitable results despite the challenging property market conditions currently facing developers in Australia. As such, we have the foundation for delivering a solid performance in the second half of 2012/2013.

The company reported an operating pre-tax profit for the first half to December 31, 2012 of \$6.1 million, compared to \$10.4 million for the same period last year.

COMMUNITIES & HOUSING

The Devine Group strengthened its position in the residential housing and land sector during the first half of the financial year.

Strong sales during this period were supported by the first settlements at three flagship projects: Riverstone Rise at Gladstone (QLD), Parks Edge at Cranbourne (VIC) and Orleana Waters at Evanston Gardens (SA). Located in major growth corridors in their respective cities, these communities have attracted strong enquiry due to their affordability and high-quality product.

Devine's launch into wholesale building is also delivering results with construction on 57 homes for corporate and government clients started during the first half. This activity is expected to accelerate through the balance of FY13 with more than 200 wholesale housing starts forecast for the full year.

Overall it is pleasing that Devine increased its volumes in the first half, completing 486 land settlements and 316 housing starts compared to 360 land settlements and 277 housing starts during the same period last year.

The company has also secured 70 percent of forecast full year settlements as at December 2012.

APARTMENTS

Sales for Devine's apartment business continued at a steady pace in the first half, with both of the company's major projects, Hamilton Harbour at Hamilton (a joint venture between Devine and Leighton Properties) and the new DoubleOne 3 project at Teneriffe, recording solid results.

Featuring a mix of retail and residential living, Hamilton Harbour's near city location and excellent amenity has helped deliver over \$260 million in settlement revenue to date. In the first half of FY13, the settlement of 131 apartments was achieved on the development.

Meanwhile, DoubleOne 3 has achieved pre-sales for 70 percent of apartments allowing construction to start in February 2013. First settlements are expected to be completed by May 2014.

The completion of the sale of Devine's site at 111 Margaret Street in the Brisbane CBD also occurred in the period.

Further growth in the apartment business is expected in the near future with Devine unveiling plans to enter the NSW market for the first time in nine years. An option has been secured over a 5,900sqm site at Turramurra in Sydney and plans have been submitted for an 86-apartment development. Construction is expected to commence in 2014 following the securing of local government approvals.

DEVINE CONSTRUCTIONS

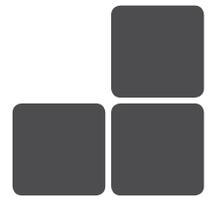
Devine Constructions delivered a solid result for the period. A highlight of the first half was the completion of construction of the third residential tower, Riverside, at Hamilton Harbour. The project was completed ahead of schedule and budget.

Looking ahead, Devine Constructions has also made excellent progress on the first commercial building at Hamilton Harbour, KSD1, and will also deliver the Group's DoubleOne 3 apartment project with construction set to commence in February 2013.

Finally, thank you to our staff for their considerable work and efforts into ensuring our first half for the 2012/13 year has been a rewarding one.

David Keir
Managing Director & CEO

RIVERSTONE RISE MOVING AT FULL PACE



Strong sales activity at Devine's central Queensland master planned community, Riverstone Rise, is now transforming into a hive of home construction activity with buyers eager to call Riverstone Rise home.

Riverstone Rise recorded an excellent sales result since launching in March 2012, with Stage One virtually sold out and over \$33 million in land sales recorded.

Settlements of the first allotments commenced in November 2012 giving home buyers the green light to start construction on their new homes.

With the cooperation of all stakeholders, Gladstone's first-ever truly master planned community is 10 months ahead of schedule meaning residents will be moving in to their new homes much sooner than anticipated.

Queensland General Manager, Andrew Brimblecombe, said the construction activity will drive even further demand for new land at Riverstone Rise, particularly as other community infrastructure takes shape.

"Gladstone is such a booming market and to ensure Riverstone Rise remains accessible to a large variety of home buyers, we've created more housing options for singles, couples and families looking to balance lifestyle and value.

"Already proving to be popular are homesites starting from \$175,000 and home and land packages from \$427,900, all located in the premier Riverstone Rise address.

"Stage One is now completed, with the majority of lots already settled and houses commencing construction. Work on Stages Two and Three is progressing quickly. Landscaping and the installation of park equipment has commenced, which will deliver some great amenity for residents," Andrew said.

Justin Corry and Jill McBryde purchased a block of land at Lilyvale Village in Riverstone Rise and have just started construction on their new home. Jill, who was born in Gladstone but lived in Brisbane until recently, said the master planned community fitted their needs perfectly.

"After moving back to Gladstone, we wanted to find an attractive and friendly community that was in a convenient location.

"Riverstone Rise is ideal because it's close to the Gladstone CBD but it's also a short drive from the beaches. Lilyvale Village also offers a great family lifestyle with its landscaped parks and gardens and central park with lake, perfect for a relaxing stroll," Jill said.

The master planned community will be built on 496.6 hectares, which includes a proposed employment zone and proposed educational and retail precincts. Over 128 hectares of the site will be dedicated to reserves, open spaces, parklands and playgrounds; while four kilometres of the site borders the Boyne River, providing fantastic views and great recreational opportunities for residents.

In recent project news, Riverstone Rise has received approval for its first child care centre designed to cater for a maximum of 105 children, from newborn to school age. Catering for the local workforce, many of whom operate in shift work, the approval allows for after hours care and seven day care for children.

Once completed, the child care centre will form an integral part of the Riverstone Rise community by delivering improved amenity to residents and future employment opportunities.



Riverstone Rise future residents, Justin Corry and Jill McBryde, will be moving into their new home when construction is completed in mid 2013.

RIVERSIDE HAMILTON HARBOUR SETTLEMENT SUCCESS

Settlements at Riverside, the third residential tower in the Hamilton Harbour mixed use development, have delivered another excellent result for joint venture partners, Devine and Leighton Properties.

With construction finalised in November 2012, two months ahead of schedule, Riverside achieved 117 apartment settlements to 31 January 2013.

Following on from the success of the development's first two stages, Harbour One and Harbour Two, over 85 percent of sold apartments in Riverside have now been settled.

Apartments and Developments General Manager, Cameron Mana, said the settlement success at Riverside brings the total number of apartments settled at Hamilton Harbour to 565 apartments.

"Eighty five percent of the total project is now sold with buyers drawn in by the opportunity to secure a property near the Brisbane River, in Hamilton, at a relatively affordable price.

"They want to be part of an urban master planned community close to the city with their own retail and leisure precinct and easy access to Hamilton's renowned restaurants, cafes and shops.

"For investors, the strong rental demand and potential for capital growth over the next four years is also a key factor," Cameron said.

Riverside features a total of 189 apartments in one, two and three bedroom configurations over 20 levels with apartments starting from \$339,000.

1. With construction completed ahead of schedule, Riverside residents moved into their Hamilton address earlier than expected.
2. Open-plan apartments at Hamilton Harbour fuse together living, dining and outdoors to create a seamless flow of space.
3. Riverside residents can enjoy more of Hamilton Harbour's lifestyle amenities with the recreational zone and pool deck, and a 24-hour fitness gym planned to open mid 2013.





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CONSTRUCTION HAS COMMENCED ON DOUBLEONE 3

Devine has commenced on-site construction works on its \$58 million project, DoubleOne 3 Apartments, after achieving strong off-the-plan sales worth more than \$37 million.

The project, which is located in Brisbane's highly desirable riverside suburb of Teneriffe, is now 70 percent sold.

General Manager Apartments and Developments, Cameron Mana, said the project had proven popular with a geographically-diverse range of owner occupiers and investors and was underpinned by the ongoing recovery of the local apartment market.

"Over 40 percent of apartments sold are to local buyers in South East Queensland, and the strong sales results prove that buyers are ready to purchase if the property offers quality, affordability and an excellent location. DoubleOne 3 offers all three," Cameron said.

Construction will commence ahead of schedule with the contract awarded to Devine's in-house specialist construction division, Devine Constructions.

"To be commencing construction ahead of schedule is a great result for our buyers and an endorsement of both the project and the appeal of the Teneriffe area," Cameron said.

Construction commenced in February 2013 with full project completion and first settlements forecast for May 2014.

KSD1 EMERGING AS BRISBANE'S NEWEST BUSINESS HUB

Bringing to life some of the final pieces in Hamilton Harbour's mixed use development is the commercial building, KSD1.

Due for completion in March 2013, KSD1 has already attracted major businesses, including Domino's Pizza Enterprises Limited leasing two floors and key anchor retail tenant, Woolworths, on the ground floor.

Further, in an exciting announcement for Devine, the company's South East Queensland operations are consolidating their offices and relocating to the 5-star Green Star constructed commercial building. This will occur over March and April 2013.

The six storey building, constructed and fitted out by Devine Constructions, is now over 85 percent leased and features fresh, modern facilities with large open plan floor plates. The use of sustainable and environmentally friendly building materials is a key feature of the design, as is the large floor plates that will optimise connectivity and encourage communication, teamwork and productivity for all employees.

KSD1 and the residential towers are set to benefit the local economy as a major commercial and retail activity hub for residents and workers from both within the development and from the broader community.

DEVINE MAKES MOVES TO NEW SOUTH WALES MARKET

After a nine year absence from the New South Wales market, Devine has announced it has secured an option over a site for a new apartment development in Sydney's north.

Managing Director and CEO, David Keir, said the 5,900sqm site at Turramurra had been earmarked for an 86-apartment development.

"Devine had identified an opportunity to re-enter the Sydney property market and this site allows us to re-establish our operations and credentials in this market," David said.

The development, in the upper North Shore region, 17 kilometres from Sydney's CBD, is expected to commence in 2014, pending achievement of appropriate planning approvals.



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4 DoubleOne 3 Apartments have been designed to bring the outdoors in, with spacious balconies forming an integrated extension of the living area and floor to ceiling windows delivering plenty of light.

5 As of early 2013, the commercial and retail precinct at Hamilton Harbour will bring restaurants, lifestyle amenities and convenience and boutique shopping right to residents' doorstep.

MILESTONE ACHIEVED AS STONEHILL'S FIRST RESIDENTS MOVE IN

Stonehill at Bacchus Marsh has reached an exciting milestone, welcoming its first residents into their new community.

The community's first residents, Long Doan and Thuy Hoang are thrilled to have moved into their first new home together.

"We're excited to start this new chapter of our lives. Everything is new and fresh – from our modern new home to the fantastic new Stonehill community.

"The home buying process, from signing our contract to the construction of our new home, has been very quick and we're extremely pleased with the results," Thuy said.

Victoria General Manager, Neil Anderson, said demand for land was definitely on the rise with Melbourne's north-west corridor experiencing good population growth.

"There are new infrastructure improvements in Bacchus Marsh that have delivered an increased vibrancy for residents and business stimulation which creates growth.

"Buyers at Stonehill are also able to benefit from the competitive land prices that are associated with the region with a range of homesites starting from just \$128,250," Neil said.

Since the first stage launch of Cassinia Village in September 2012, Stonehill has recorded \$18 million of sales and recently launched its second residential village to the market, Heronswood.

The new village features land offering a choice of large, premium blocks and more affordable, low maintenance blocks that will deliver value and choice to buyers seeking out a quality address in Melbourne's north-western suburbs.



Along with the wide range of affordable home sites at Stonehill, Devine will also deliver a significant number of the much-needed new facilities to Bacchus Marsh, including a proposed school, retail precinct and high-speed broadband to provide better communications.

Stonehill is conveniently located near a new high-speed rail link which has reduced the travel time into the Melbourne CBD to 40 minutes and proving to be another big draw card for Melbourne commuters.

- 1 Stonehill is an exciting new community featuring parks, open space, bike and walking trails.
- 2 Stonehill's first residents, Long Doan and Thuy Hoang are building a new life for themselves at Bacchus Marsh.



EDEN BROOK WINS BEST LANDSCAPING AWARD FROM POLE POSITION

Devine's continuing commitment to creating sustainable communities has been recognised with a prestigious Victorian landscaping award.

Eden Brook at Pakenham has won 'Best Design 2012' at the Australian Institute of Landscape Architects (AILA) Victoria awards.

The parkland at the entry to the Eden Brook community incorporates a wetlands complex and linear parkland at Toomuc Creek and was selected ahead of entries from 33 other developers for the top award.

Victoria General Manager, Neil Anderson, said the highly coveted award is a testament to Devine's commitment in creating high-quality, sustainable residential communities that are in harmony with their natural surroundings.

"We created dedicated habitats for endangered frog species and an excellent stormwater management system, and the entry park is a huge success attracting many visitors every day with its aesthetically pleasing, water-sensitive urban design and artwork installation, *Ebb-Flow*.

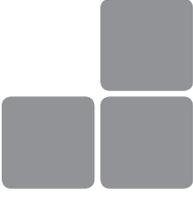
"I'd like to thank our team at Devine, and the talented consultants and contractors working at Eden Brook, for their outstanding work and congratulate everyone on this prestigious acknowledgment," Neil said.

The AILA Victoria awards judging panel commented, "New standards were set during the design process to further ecological and stormwater management practice transforming the environment of Toomuc Creek with the creation of a vibrant new, green infrastructure belt on the edge of one of the Melbourne's expanding growth corridors."

Eden Brook joins Devine's Arndell (Best Development 2011) and Wyndham Springs (Lollipop Creek, awarded in 2011 and 2012 in the Land Management category) as industry awarded Devine communities.

PICTURE: Eden Brook's entry statement and transformation of Toomuc Creek has won AILA's award for 'Best Design 2012', in Victoria.





ADELAIDE IN HIGH DEMAND

Adelaide's housing market has received a welcome boost of support from the State Government which will help home buyers enter the property market quicker and more easily.

Under a major reform to the housing industry stimulus package, the government has introduced a grant to assist anyone who builds a newly constructed home, not just first home buyers.

In a bid to help home buyers take full advantage of the newly introduced government stimulus, Devine has launched a new campaign incentive to double any approved buyer's deposit, up to a maximum \$10,000, on any new home in a Devine community.

When the deposit is combined with the State Government's new Housing Construction Grant (\$8,500) and the First Home Owners Grant (\$15,000), eligible home buyers could have up to \$43,500 towards a brand new Devine home.

South Australia General Manager, Mark Devine, said the grants, and Devine's incentive, is having a positive impact by making the path to home ownership less stressful.

"With the introduction of the new construction grant, we decided to do all that we could to take a leadership position in helping new home buyers.

"Every dollar can make a difference and it's an excellent opportunity to get a leg up into the property market.

"We have recorded strong interest from buyers and the grant will boost residential construction, improving the condition of the Adelaide housing market in 2013," Mark said.

Devine is also supporting the first home buyer market with home buying seminars from industry professionals, including the Housing Industry Association and Homestart Finance, to present information on grants, deadlines and how to buy your first home. The seminars have been an overwhelming success with strong attendance from prospective home buyers researching how to enter into home ownership.

"After realising the potential and exceptional opportunity, buyers have a renewed interest in the property market, with Devine's flagship master planned community, Orleana Waters at Evanston Gardens, just one of the company's many projects now benefiting.

"Orleana Waters' first stage is sold out and Devine is recording a significant number of sales and interest for the subsequent stages.

"The project is very active with Stage One civil construction now finalised and the project receiving first stage settlements.

"House construction is well underway and the first residents will be moving into Orleana Waters in early 2013.

"The entry lakes are also under construction and three new grand display homes will set a new benchmark for Devine in South Australia," Mark said.

The sensitively planned community provides a healthy living environment in the north of Adelaide that will offer residents high quality open spaces amongst a network of picturesque lakes and ponds including a large wetland area that will treat and recycle stormwater.

The lakes and display homes will be opened in April 2013.

3 Devine's master planned community, Orleana Waters (Adelaide), is currently under construction and will welcome its first residents in early 2013.



Design and construction has commenced on 66 new homes and townhomes at Heathmont Place in Melbourne's sought-after eastern suburbs.

STRONG PIPELINE OF WHOLESAL HOUSING CONTRACTS COMMENCE

Devine's wholesale building operations have completed construction on a number of homes and with the pipeline of work expanding, the company is set to benefit from the strategic decision to enter this market.

The wholesale housing programme was launched in 2012 after Devine secured a number of contracts with a variety of corporate and government clients.

Based on contracts secured to date this will result in the construction of more than 400 new dwellings over the next two years.

The Victorian Government's urban renewal authority, Places Victoria, has appointed Devine to the Delivery Partner Panel to assist with activating over 40 projects and the planning of almost 10,000 new allotments across Melbourne over the next three years.

The first project brought to market, will be Devine's design and construct contract of Heathmont Place, a 3.6 hectare site in Melbourne's sought after eastern suburb at Heathmont.

Devine has designed, and started construction on 66 detached homes and townhomes, which will also be incorporated into an extensive architecturally designed master planned community.

Victoria General Manager, Neil Anderson, said the location is unique because of its integration into an existing and highly sought after suburb that is so well connected to amenities and has easy access to Melbourne's CBD.

"This is the first time Devine has delivered an urban renewal project in an infill area of Victoria.

"It is attracting higher than average income earners and we are thrilled to have the opportunity to plan and deliver these homes.

"Since the launch of Heathmont Place in late 2012, there has been extremely strong interest with the number of buyers now exceeding the number of homes available," Neil said.

Heathmont Place includes two, three and four bedroom architecturally designed homes by Devine's in-house design team.

Victoria is also delivering a wholesale housing programme for client, Country Club Villages, with a further 250 independent living units to be built across Bendigo, two sites in Ballarat, Bacchus Marsh, Bellarine and Coolaroo in 2013.

In an extension of the successful partnership created with Country Club Villages, the company is now exploring new opportunities in other regions of Australia and is looking to Devine to help in the delivery.

In Queensland, Devine has completed their second contract of wholesale homes for coal seam gas producer, Queensland Gas Company, (QGC). Devine has now delivered 23 turnkey homes for the company.

Tendering has commenced on a third stage of homes which on approval, will see 13 new homes delivered to the Gladstone market by August 2013.

The new homes that have been completed have already eased accommodation pressures in the regional city by housing relocated local and international mining workers and their families.



DEVINE'S DIVERSITY STRATEGY

EXECUTED IN PORTFOLIO OF PROJECTS

Devine's pipeline of future projects puts the company in a good position to benefit from any positive changes in market sentiment and to capitalise on its diversity strategy.

Managing Director and CEO, David Keir, said the company remained optimistic about the future with indications some residential markets were improving while resource sector exposed markets like Gladstone and Townsville continued to perform strongly.

"We expect our core markets in Queensland, Victoria and South Australia to improve throughout 2013 as the combined impact of lower interest rates, better affordability, historically low unemployment and strong wage growth, help to improve sentiment towards residential property," David said.

As part of Devine's ongoing capital management and growth strategy, two major transactions have allowed the company to focus on projects with a shorter return horizon.

Devine settled the sale of a 1,500sqm site at 111 Margaret Street in the Brisbane CBD.

David explains, "This is a quality site with great potential, but does not fit with our current strategy of deploying capital towards projects which provide the best opportunity to deliver a return in the short to medium term," he said.

In Victoria, the company has completed the sale of a 2.7 hectare site at Pakenham in Melbourne's south-east to the Department of Education and Early Childhood Development for \$4.4 million.

The site, together with adjoining land, has been earmarked by the Department for a new primary school that is planned to open in 2015 providing a significant enhancement to Devine's adjacent Eden Brook community and another Devine community currently being planned.

"Both transactions deliver an attractive financial return for the company and also allow more focus directed to the company's other planned projects for 2013/14," David said.



PORTFOLIO SUMMARY

■ Start Up
■ Trading
■ Completed

REGION	COMMUNITY NAME	LOCATION	BACKLOG at DEC 2012	STATUS	PROJECT LIFECYCLE			
RESIDENTIAL COMMUNITIES			Lots/equivalent dwellings		2013	2014	2015	2016+
QUEENSLAND	Alberi Park	Southern Corridor	16	Now Selling	■			
	Arcadia Woods	Southern Corridor	23	Now Selling	■			
	Mountview	Western Corridor	852	Now Selling	■	■	■	■
	River Parks	Townsville	616	Now Selling	■	■	■	■
	Riverstone Rise	Gladstone	2,652	Now Selling	■	■	■	■
	Sandstone Lakes	Northern Corridor	367	Now Selling	■	■	■	■
	Waverley Parks	Southern Corridor	335	Now Selling	■	■	■	
	Western Lands (Unnamed)	Western Corridor	1,069	Launch FY13	■	■	■	■
	Woodvale	Northern Corridor	214	Now Selling	■	■		
	Sundry	Various	4	Now Selling	■			
VICTORIA	Eden Brook	South-East Corridor	209	Now Selling	■	■		
	Pennyroyal	North-West Corridor	314	Now Selling	■	■	■	■
	Lakeland, Pakenham	South-East Corridor	517	Launch FY13	■	■	■	■
	Parks Edge	Southern Corridor	486	Now Selling	■	■	■	
	Stonehill	Regional North-West	1,304	Now Selling	■	■	■	■
	Newbridge, Wallan	Regional North	871	Launch FY13	■	■	■	■
	Sundry (inc. Riverina, Moorookyle)	North-West Corridor	58	Now Selling	■			
SOUTH AUSTRALIA	Lakeside	Northern Corridor	124	Now Selling	■			
	Mawson Green at Meadows	Adelaide Hills	205	Now Selling	■	■	■	■
	Munno Parra Downs (Unnamed)	Northern Corridor	645	Launch FY13	■	■	■	■
	Orleana Waters at Evanston Gardens	Northern Corridor	667	Now Selling	■	■	■	■
	The Glenn, Morphet Vale	Southern Corridor	20	Now Selling	■			
	The Summit	Adelaide Hills, SA	38	Now Selling	■			
	Sundry (inc. access agreements)	Various	250	Now Selling	■			
APARTMENTS & MIXED USE			Apartments / GFA (sqm)		2013	2014	2015	2016+
QUEENSLAND	Camelot	Brisbane CBD	420 / 1,587sqm	Planning	■	■	■	■
	DoubleOne 3	Brisbane CBD Fringe	111 / 475sqm	Now Selling	■	■		
	Hamilton Harbour One	Brisbane City - North	6 / 186sqm	Construction Complete	■			
	Hamilton Harbour Two	Brisbane City - North	21 / 246sqm	Construction Complete	■			
	Hamilton Harbour Three, Riverside	Brisbane City - North	83 / 1,115sqm	Construction Complete	■	■		
	KSD One, Hamilton Harbour	Brisbane City - North	8,500sqm	Under Construction	■	■		
	KSD Two, Hamilton Harbour	Brisbane City - North	12,500sqm	Planning	■	■	■	
	Southbank Townsville	Townsville	1,200 / 18,500sqm	Planning	■	■	■	■
NEW SOUTH WALES	Turramurra Site	Sydney (mid North-West)	86	Planning	■	■	■	■
QUEENSLAND & VICTORIA	Non-Residential Commercial Sites	Various	> 20,000sqm	Now Selling	■	■	■	■

DEVINE TACKLING HOUSING AFFORDABILITY CHALLENGES

Devine is continuing with its mission to improve the perceptions of housing affordability and to help alleviate entry barriers to first home ownership.

With the aim being to make housing more affordable to more people, Devine is continuing to launch a new range of villas and townhomes which are capturing the attention of home buyers across Queensland, Victoria and South Australia.

Starting from just \$269,000, Queensland's Central Park Villas at the Mountview master planned community offer an affordable, low-maintenance style of living and excellent value for money, while providing plenty of space for young couples, retirees and growing families.

The Central Park Villas were also recognised by the Housing Institute of Australia with a prestigious HIA-CSR Affordable Housing Award, Queensland region.

Queensland General Manager, Andrew Brimblecombe, said it was an excellent result for Devine and recognition for its commitment to quality, value-for-money, affordable homes.

"We have always strived to create appealing, modern and affordable homes for our customers and the villas at our Mountview community are an excellent example of this," Andrew said.

For Queensland buyers looking for a larger floor plan in a detached home option, Devine has proved that it is possible to produce home and land packages for far less than Queensland's median home price of \$395,000.

Andrew explains, "Purchasing a new home is definitely not out of reach and home buyers will be very happy to know that they will not be compromising on quality or location.

"We have traditional home and land packages from just \$300,000 that are located in excellent communities, close to transport, shops and amenities. Part of our top selling family of designs, the Macquarie 16, offers a spacious layout, three bedrooms, two bathrooms, a double garage, large entertainer's kitchen and an alfresco area.

"The value is simply exceptional and proves that it's possible to build a stylish and modern home that is both desirable and affordable," Andrew said.

In Victoria, construction is well advanced on Devine's successful Essence Collection; a series of terraces and townhomes that are a high-quality and competitively priced living option.



The Essence Collection terraces and townhomes aim to deliver stylish and comfortable homes that won't break the budget.

The Essence Collection features stylish, two and three bedroom terraces and townhomes that are priced from \$265,000 and are believed to be among the most competitively priced new residences available in Melbourne's west.

Since their launch and sell out performance, more homes have been released to meet demand.

National Design Manager, Michael Battistella, said it was exciting to see construction finally kick off on The Essence Collection.

"Our aim was to make home ownership available to everyone. Buyers will now be able to enjoy stylish and comfortable homes that won't break their budget.

"We're very proud that the affordability of The Essence Collection has helped a number of home buyers in Melbourne finally get onto the property ladder," Michael said.

The first Essence Collection homes are expected to be completed in mid 2013.

The affordable townhome range is to be expanded in South Australia with the launch of townhomes at Orleana Waters in mid 2013. South Australia also has a large selection of traditional home and land packages throughout metropolitan Adelaide that fall under the \$400,000 price cap which ensures home buyers will make the most of the current grants available.



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