



# Directors' Comments

## Half Year Ended 30 June 2019

13 August 2019

The Directors of Devine Limited (**Devine**) announce the following results for the half year ended 30 June 2019:

	Six month period ended	
	June 2019 (\$'millions)	June 2018 (\$'millions)
Total revenue	<b>15.1</b>	24.3
Net loss before tax <sup>1</sup>	<b>(3.4)</b>	(11.4)
Net loss after tax <sup>1</sup>	<b>(3.4)</b>	(11.4)
Net Tangible Assets - \$ per share	<b>\$0.55</b>	\$0.66
EPS – cents per share	<b>(2.1) cents</b>	(7.1) cents

### Review of operations

Devine recorded \$15.1 million revenue for the period. The change, from the previous year, was primarily due to:

- fewer high-rise apartment settlements, as the Company's residual stock has progressively been sold; and
- no englobo land settlements (versus a significant englobo land settlement in the prior period).

Devine reported a loss before tax for the six months to 30 June 2019 of \$3.4m (June 2018 \$11.4m).

During the period to 30 June 2019, Devine achieved the following outcomes:

- The settlement of 133 land allotments in total, with 93% of the full year settlement forecast either already completed, or secured and subject to contract.
- At Newbridge in Wallan, Victoria, the Company completed construction on Stage 2 of the project which enabled the settlement of 90 allotments in the period. Further progress on construction of the next stages is also well advanced and it is forecast

<sup>1</sup> Includes losses from discontinued operations. Refer note 7 in the 30 June 2019 Interim Report.

that these stages should deliver more than 170 settlements prior to 31 December 2019.

- At Stonehill in Bacchus Marsh, Victoria, the Company progressed the delivery of the project with more than 240 allotments at varying stages of construction at the end of the period. This construction was triggered by the positive sales achievements in 2018 and should provide for a solid settlement result in the second half of 2019 and early 2020.
- Devine's Orleana Waters community, north of Adelaide, recorded some positive sales results late in the period and is also carrying a pipeline of sales reservations into the second half of the year. Once finalised, these sales are expected to enable the project to progress towards construction on the next development stage during the second half of 2019.
- The Company has also continued to progress the conditional sale of an englobo parcel of land (capable of providing approximately 90 dwelling allotments) at its Mountview project near Ipswich, Queensland.
- The final four units at the 157 apartment Mode Apartments project at Newstead in Brisbane, Queensland, settled during the period.

## **Financing facilities**

Devine has commenced discussions with their financier with regard to renewing/extending the existing Multi Option Facility which is due to expire in March 2020.

## **Outlook**

Devine continues to deliver on its property development strategy, which is principally focused on the Communities land development business, by driving the development of the existing project portfolio.

Devine continues to pursue a number of contractual and insurance claims for the reimbursement of costs arising from legacy construction contracts. These may either result in commercial resolutions during 2019 or, failing resolution, longer legal processes.

Devine will continue to monitor the commercial opportunities within its portfolio, particularly with respect to the KSD2 site in the Brisbane suburb of Hamilton.

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These Directors' Comments form an integral part of the Directors' Report within the half year ended 30 June 2019 financial report.

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### **Contact:**

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