

ASX Announcement

11 May 2016



Company Update

Western Australian construction & property development company Diploma Group Limited (ASX:DGX) provides the following company update to the market.

Diploma has achieved practical completion at its \$30m Capri Apartments project located in Rockingham Western Australia. The seventy six unit project is heavily presold with one apartment remaining to be sold. The application for titles has been made at Landgate and settlements are expected to commence at the end of May 2016. Upon completion of settlements, Diploma expects substantial cash and equity to be returned to the group.

Diploma continues to work towards Practical completion of its \$42m Quest Adelaide Tce apartment hotel development in Perth. Diploma announced on 5 April 2016 it had entered into an unconditional sale of the project for \$42m to a third party buyer. Settlement of the sale is expected shortly after Practical Completion in July 2016. The completion of this project will return substantial cash and equity to the group and retire project debt of \$24m.

Diploma has recently undertaken a review of its operations in light of the current property and commercial construction markets it operates in, in Western Australia. Part of that review is to focus more strategically moving forward on increasing its third party construction pipeline in lieu of internally generated development projects. Diploma has established a dedicated construction business where its core business is the construction of external client projects. This entity, established in October 2010 to service the mining sector, has been renamed DGX Construction and now operates from new premises in Leederville Western Australia. The entity has several projects under construction for private developers and government bodies.

The group's construction arm is currently tendering on and or waiting for decisions on \$97m of negotiated and tendered contracts which it expects to make further announcements in relation to over the remaining months of this financial year. The group is actively pursuing other construction opportunities in the non-residential market as it seeks to diversify its construction focus across a number of different sectors within the construction market in Western Australia.

Diploma is awaiting development approval from the MRA in relation to the groups Chemlabs development in East Perth. Approval is anticipated to be granted before 30 June 2016. The development will consist of two stages with Stage 1 comprising 3000m² of commercial space inclusive of a 1690m² supermarket plus an apartment hotel of 138 keys to be operated by a major hotel operator in Australia. Stage 2 will consist of a 22 level 165 apartment tower comprising 1,2 and 3 bedroom apartments.

ends

**CONSTRUCTION
PROPERTY DEVELOPMENT
CIVIL CONTRACTING**

Diploma Group Limited ACN 127 462 686

Diploma is at the forefront of construction and diversified development throughout Western Australia with projects spanning high rise residential, hotel, heritage restoration, mining related infrastructure and retail centres.

Mr Nick Di Latte
Chief Executive Officer

Head Office
First Floor, 140 Abernethy Road
Belmont, Western Australia 6104

Postal Address
PO Box 91, Belmont WA 6984

Tel: +61 8 9475 3500
Fax: +61 8 9475 3501
www.diploma.com.au

ASX: DGX