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4 September 2009

The Manager
Company Announcements Office
10th Floor
20 Bond Street
SYDNEY NSW 2001

Dear Sir,

RE: INSTITUTIONAL PLACEMENT AND SHARE PURCHASE PLAN

Watpac Limited ("Watpac") announced today that it is launching an equity capital raising, comprising:

- a fully underwritten¹ institutional placement ("Placement") of approximately \$22.61 million; and
- a Share Purchase Plan ("SPP").

All new shares issued under the Placement and the SPP will rank equally with existing Watpac shares.

Purpose of the capital raising

The raising will position Watpac strongly for the future as it continues to establish itself as one of Australia's leading construction, civil and property groups.

Proceeds from the Placement and the SPP will be used primarily to:

- Take advantage of growth opportunities through organic expansion and strategic acquisitions; and
- Capitalise on future opportunities in the property sector

Following the Placement, but before the SPP, Watpac's net gearing based on the 2009 Pro-forma financial statements would decrease from 42.8% to approximately 36.9%.

Greg Kempton, Watpac's Managing Director commented that "The company is already in a strong financial position. The capital raising provides us with increased flexibility to take advantage of opportunities we are seeing across the entire business in its various geographic markets."

¹ The obligation of the Underwriter to underwrite part of the Placement is conditional on obtaining certain shareholder approval. See "Placement" below for further details.

Placement

Watpac will offer approximately 18.08 million fully paid ordinary shares under the Placement to institutional and sophisticated investors at \$1.25 per share ("Placement Price"). The Placement Price represents a discount of approximately 20% to Watpac's closing share price on the Australian Securities Exchange ("ASX") on 3 September 2009.

The Placement is fully underwritten, and is being managed, by ABN AMRO Morgans Corporate Limited.

Watpac's chairman and major shareholder, Kevin Seymour, has demonstrated his support for the Company's capital raising by:

- agreeing with the Underwriter to sub-underwrite the first \$4.74 million of any shortfall, subject to obtaining shareholder approval;² and
- also agreeing to subscribe for approximately \$1.41 million in the Placement, subject to obtaining shareholder approval.³

Watpac will seek any necessary shareholder approvals at the 2009 annual general meeting on 21 October 2009.

Mr Seymour did not participate in Board discussions relating to, and did not vote on, the terms of the Placement or the underwriting agreement.

Share Purchase Plan

Following the completion of the Placement, Watpac will offer eligible Australian and New Zealand Watpac ordinary shareholders the opportunity to subscribe for up to A\$15,000⁴ worth of Watpac ordinary shares. Watpac reserves the right to scale back applications under the SPP.

Shareholders participating in the SPP will not incur brokerage or other transaction costs. New shares issued under the SPP will rank equally with existing Watpac shares.

Further details of the SPP will be communicated to eligible shareholders in due course.

The Record Date for participation in the SPP will be 15 September 2009.

ABN AMRO Morgans Corporate Limited is the lead manager of the SPP. The SPP is not underwritten.

² As any issue of shares to Mr Seymour or his associates requires shareholder approval under Listing Rule 10.11, the obligations of the Underwriter in respect of the first \$4.74 million of any shortfall are subject to obtaining that approval.

³ The subscription will be subject to obtaining shareholder approval under Listing Rule 10.11, and the Underwriter is not obliged to subscribe for these shares if shareholder approval is not obtained.

⁴ Subject to obtaining ASX relief

Trading Halt

Watpac shares are expected to remain in trading halt pending completion of Placement, with trading expected to resume on 8 September 2009

Key dates

Event	Date
Trading Halt	4 - 7 September 2009
Institutional Placement	4 - 7 September 2009
Shares recommence trading	8 September 2009
Institutional Placement Settlement date	11 September 2009
Institutional Placement trading date	14 September 2009
Record Date for the SPP	15 September 2009

The key dates above are subject to variation.

ENDS

Further Information contact:

Greg Kempton
Managing Director
Watpac Limited
Ph: (07) 3251 6327

Doug McAlpine
Company Secretary
Watpac Limited
Ph: (07) 3251 6442

Yours sincerely
Watpac Limited



Doug McAlpine
Company Secretary

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Watpac Limited

Capital Raising

Institutional Placement and Share
Purchase Plan

4 September 2009





IMPORTANT INFORMATION

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The information in this document is for information purposes only and provides background information only regarding the transaction. It is information given in summary form and does not purport to be complete.

This document may contain forward-looking statements. By their nature, forward looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by any forward looking statements contained herein.

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Equity raising rationale

→ Take advantage of growth opportunities through organic expansion and strategic acquisitions

→ Capitalise on future opportunities in the property sector

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The funds are to be raised by way of the following:

1. Institutional Placement
2. Share Purchase Plan



Investment highlights

- Continued strong underlying operating result from contracting
- Record levels of contracting work in hand across both the construction and civil infrastructure businesses
- Diversified property portfolio well positioned to benefit from existing value add elements
- Geographic and product diversification through the creation of vertical construction and civil contracting businesses of national scale
- Company positioned to capitalise on federal and state government spending initiatives, particularly in the area of civil infrastructure



Overview of the Institutional Placement

Placement offer size

- \$22.61 million underwritten institutional placement
- 15% of issued share capital
- Watpac Chairman and major shareholder to participate in the placement subject to shareholder approval

Placement offer price

- Fixed offer price of \$1.25 per share
- approximately 20% discount to Watpac's closing price on 3 September 2009

Impact

- Pro forma gearing (net debt/equity) will fall from 42.8% at 30 June 2009 to 36.9%

Timing *

- Trading halt 4 September 2009
- Book opens on Friday 4 September 2009
- Book closes on Monday 7 September 2009

Ranking

- The new shares will be fully paid and will rank equally with the Company's existing issued shares

Lead Manager & Underwriter

- Underwritten by ABN AMRO Morgans Corporate Limited, with the first \$4.74 million of any shortfall subject to obtaining shareholder approval

* *Timetable is indicative only, book may close earlier*



Overview of the Share Purchase Plan

Eligible Shareholders

- Open to eligible registered shareholders on the record date of 15 September 2009.

SPP offer price

- The SPP offer price is the lower of:
 - the placement price, being \$1.25 per share or;
 - 5% discount to Watpac's 5 day VWAP over the SPP pricing period

Timing*

- SPP Offer opens 18 September 2009
- SPP Pricing Period 6 – 12 October 2009
- SPP Offer closes 12 October 2009

Application amount

- Subscriptions will be for up to \$15,000 worth of Watpac shares (subject to ASX waiver)

Lead Manager

- ABN AMRO Morgans Corporate Limited (not underwritten)

Other

- No brokerage or transaction costs

* *Timetable is indicative only, and may change*



Timetable*

Key dates – Institutional Placement

Institutional offer opens	4 September 2009
Ordinary shares re-commence trading	8 September 2009
Institutional settlement date	11 September 2009
Institutional trading date	14 September 2009

Key dates – Share Purchase Plan

Record date for determining entitlement to participate in SPP	15 September 2009 at 7.00pm
SPP Offer dispatched to eligible shareholders & SPP Offer opens	18 September 2009
SPP Pricing Period	6 - 12 October 2009
SPP Offer closes	12 October 2009 at 5.00pm
Dispatch of holding statements	21 October 2009

* Timetable is indicative only, and may change