

## TARGET MARKET DETERMINATION

**Made by:** Decmil Group Limited (ACN 111 210 390) of 20 Parkland Road, Osborne Park 6017, WA (**Company**)

**Product:** Cumulative, fully paid, redeemable convertible preference shares (**RCPS**) in connection with a pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) and a placement (**Placement**), all issued under a prospectus dated on or about 21 June 2023

**Effective date:** 21 June 2023

This target market determination (**TMD**) has been prepared by the Company in relation to offers to issue the RCPS made by the Company under a prospectus dated on or about 21 June 2023 (**Prospectus**). A copy of the Prospectus is available on the Company's website, <https://decmil.com/>. Blue Ocean Equities Pty Limited (ACN 151 186 935) (**Blue Ocean**) has been appointed as the lead manager and underwriter to the offers.

The offers will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire RCPS under the offers will need to complete the application form that will be in, or will accompany, the Prospectus. There is no cooling off period in respect of the issue of the RCPS. This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**) nor does it contain a full summary of the terms and conditions of the RCPS.

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the RCPS.

### 1. TARGET MARKET

The RCPS have been designed for investors seeking:	Key attributes of the RCPS that make this an appropriate product for the target market
to acquire a security that may generate income;	<p>The RCPS are scheduled to pay semi-annual dividends at 12% pa during the initial three (3) year term following the date of issue of the RCPS (<b>Initial Term</b>). The dividend rate will increase by 1% pa each year following the conclusion of the Initial Term unless the RCPS is converted or redeemed.</p> <p>However, dividends are payable at the Company's discretion, which means that they may not be paid. Nonetheless, if the Company decides not to pay one or more dividends, the dividends will accrue and may (at the election of the Company) be converted into fully paid ordinary shares in the Company (<b>Shares</b>) at a subsequent dividend payment date.</p> <p>The Company will not pay ordinary Share dividends or return ordinary Share capital unless RCPS dividends due at that time have been paid.</p>

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<p><b>to make an investment of a minimum of 3 years and do not require certainty with respect to the timing and form of return on their investment; and</b></p>	<p>The RCPS have no maturity date as their term is perpetual and may be on issue indefinitely if not converted or redeemed, and holders may not receive their investment back.</p> <p>As such, the target market of investors will take a long-term outlook on their investment and do not require certainty as to repayment of their capital invested within a specific timeframe or at all.</p> <p>On the conclusion of the Initial Term, and on each subsequent dividend payment date, the Company will have the right to convert RCPS into Shares or redeem RCPS for cash at its face value (plus any unpaid dividends). The Company may also decide to neither convert nor redeem the RCPS on each dividend payment date from the conclusion of the Initial Term, in which case the RCPS will remain on issue.</p>
<p><b>the ability to dispose of their investment on ASX.</b></p>	<p>The Company is intending to apply for the quotation of the RCPS on the Australian Securities Exchange (<b>ASX</b>). This would allow holders to have the ability to dispose of the RCPS by sale on a licensed securities exchange at a price available on ASX.</p> <p>Investors will benefit from an anticipated listing of the RCPS on ASX as well as an ability to convert all or some of their RCPS into Shares during the 30 month period commencing on the date of issue of the RCPS.</p> <p>Nonetheless, like all ASX listed products, liquidity may be low meaning that investors may not always be able to sell at their preferred price or at all.</p>

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## 2. INVESTMENT METRICS

While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment.

The Company also notes that the RCPS may be converted into Shares. As such, investors must have the capacity to realise the value of the Shares may fluctuate and investors may receive less than their original investment. The RCPS offer no guaranteed income or capital protection and are therefore not appropriate for investors seeking guaranteed capital growth or income during the investment term.

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## 3. RISKS

The Company considers that an investment in the RCPS is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment, not accept the lack of certainty as to the payment of dividends or bear the uncertainty to the repayment timeframe.

Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in RCPS as an asset class generally and the more specific risks of investing in an Australian listed construction company.

Further, the Company advises that the RCPS are not designed for investors who:

- are seeking short-term capital growth;
- require certainty that returns will be paid and their capital repaid on set dates. Prospective investors are reminded that dividends will either be paid in cash on the dividend payment dates, or will be accumulated and converted into shares at the election of Decmil on a subsequent dividend payment date; or
- cannot afford not to receive a return or to lose all or some of their investment in RCPS.

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#### **4. DISTRIBUTION CONDITIONS**

The offer of RCPS is being made to:

- those retail and institutional shareholders in the Company registered at the record date specified in the Prospectus and who reside within Australia, New Zealand, Hong Kong or Singapore or are permitted to participate in the Entitlement Offer as specified in the Prospectus (**Eligible Shareholders**);
- investors that apply for entitlement not taken up under the offer will form a shortfall offer (**Shortfall Offer**) that Blue Ocean, in their role as underwriter and lead manager to the Entitlement Offer, reasonably believes are sophisticated or professional investors for the purposes of the Corporations Act, or have received professional advice with respect to their application to participate in the Shortfall Offer; or
- investors that apply to participate in the Placement that Blue Ocean, in their role as lead manager to the Placement, reasonably believes are sophisticated or professional investors for the purposes of the Corporations Act, or have received professional advice with respect to their application to participate in the Shortfall Offer

In addition, Blue Ocean, as underwriter and lead manager to the offer, may subscribe, or procure that subscriptions are made by third party investors that fall within the target market of this TMD, under the Shortfall pursuant to the underwriting agreement.

The Prospectus will also include jurisdictional conditions on eligibility. The Company will also include on its web landing page for the offer of RCPS a copy of this TMD and require that retail clients confirm that they meet the eligibility criteria of the expected target market outlined in this TMD before they apply for RCPS.

The Company considers that these distribution conditions will ensure that persons who invest in RCPS fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

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## 5. REVIEW TRIGGERS

The RCPS are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the RCPS will no longer be available for investment by way of issue. It follows that the TMD will only apply in the period between the commencement of the offer of the RCPS and the issue of the RCPS shortly after the close of the Offer (**Offer Period**).

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the RCPS and should be reviewed, the following review triggers apply for the Offer Period:

- a new offer of RCPS that requires preparation of a disclosure document is made after completion of the Offer Period;
- any event or circumstance that would materially change a factor taken into account in making this TMD;
- the existence of a significant dealing of the RCPS that is not consistent with this TMD. The Company does not consider that an on-sale of the RCPS on market is a significant dealing;
- ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the RCPS or this TMD; and
- material changes to the regulatory environment that applies to an investment in the RCPS.

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## 6. REVIEW PERIOD

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger.

The Company will otherwise complete a review of the TMD immediately prior to the issue of RCPS under the Offer.

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## 7. INFORMATION REPORTING

The reporting requirements of all distributors is set out in the table below.

Reporting requirement	Period for reporting to the Company by the distributor	Information to be provided
Whether the distributor received complaints about the RCPS.	<ul style="list-style-type: none"> <li>• For such time as the Offer Period remains open, within 10 business days after the end of each quarter.</li> <li>• Within 10 business days after the end of the Offer Period.</li> </ul>	<ul style="list-style-type: none"> <li>• The number of complaints received.</li> <li>• A summary of the nature of each complaint or a copy of each complaint.</li> </ul>

Reporting requirement	Period for reporting to the Company by the distributor	Information to be provided
A significant dealing of the RCPS that is not consistent with this TMD	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.	<ul style="list-style-type: none"> <li>• Details of the significant dealing.</li> <li>• Reasons why the distributor considers that the significant dealing is not consistent with this TMD.</li> </ul>
A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 10 business days after the end of the close of the offer of RCPS in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

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## 8. CONTACT DETAILS

Contact details in respect of this TMD for the Company are:

Peter Coppini  
 Company Secretary  
 Phone: +61 8 6240 8160  
 Email: investors@decmil.com.au