

20 December 2017

VILLA WORLD LIMITED ABN 38 117 546 326 ASX CODE: VLW

\$100 million Donnybrook sale

- Donnybrook parcel sold for \$100 million
- staged settlement over 40 months after PSP approval
- strong contribution to profits from FY20

Donnybrook JV Pty Ltd (VLW 51%, CVC 49%) has entered into a conditional contract to sell its remaining parcel at 960 Donnybrook Road (Site), having previously entered into a conditional contract to sell its adjoining parcel at 1030 Donnybrook Road to Satterley Property Group Pty Ltd (refer FY16 Annual Report, Operating Financial Review).

The Site comprises ~208 ha¹, with the vendor to retain certain portions of the site including non-residential components. The purchaser is 960 Blueways Pty Ltd, a wholly owned subsidiary of Blueways Holdings Pty Ltd.

The key terms of the sale are as follows:

- conditional on approval of the Shenstone Park Precinct Structure Plan (PSP) by 30 June 2022 (anticipated by the Company to occur in 2H19).
- sale price of \$100 million (plus any GST), subject to adjustment based on final developable area.
- purchaser to pay vendor the cash equivalent of active open space credits obtained by purchaser.
- settlement and title transfer to occur in four stages on the dates specified below, or 14 days after registration of the plan which creates the title for each stage (whichever is later).
- stage 1 settlement - \$20 million, 6 months after PSP approval.
- stage 2 settlement - \$25 million, 18 months after PSP approval.
- stage 3 settlement - \$25 million, 30 months after PSP approval.
- stage 4 settlement - \$30 million, 40 months after PSP approval.
- upfront payments totalling \$5 million already made by purchaser (with \$50,000 having been released to the vendor).
- further payment of \$5 million to be made by purchaser on 20 December 2018.
- \$9,950,000 to be released to vendor on date of PSP approval.
- personal guarantees provided by directors of purchaser.

Managing Director and CEO, Craig Treasure said "This sale provides Villa World and our partner CVC with an exceptional return on our initial greenfield investment at Donnybrook and provides Villa World with a consistent income source over a number of years."

"We acquired the two Donnybrook parcels for approximately \$23 million. Taking into account development and holding costs of around \$8.5 million across both parcels, the \$134 million total price from this and the previous sale will provide the joint venture partners with more than \$100 million profit before tax over four years," Mr Treasure said.

The Company's share of revenue from the sale will be recognised progressively in line with the staged settlements, and will therefore be dependent on timing of PSP approval. Based on current expectations, revenue will be recognised commencing in 1H20 but could be as early as 2H19.

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¹ 650 lots included in VLW's portfolio as at 30.06.17, being 51% share.