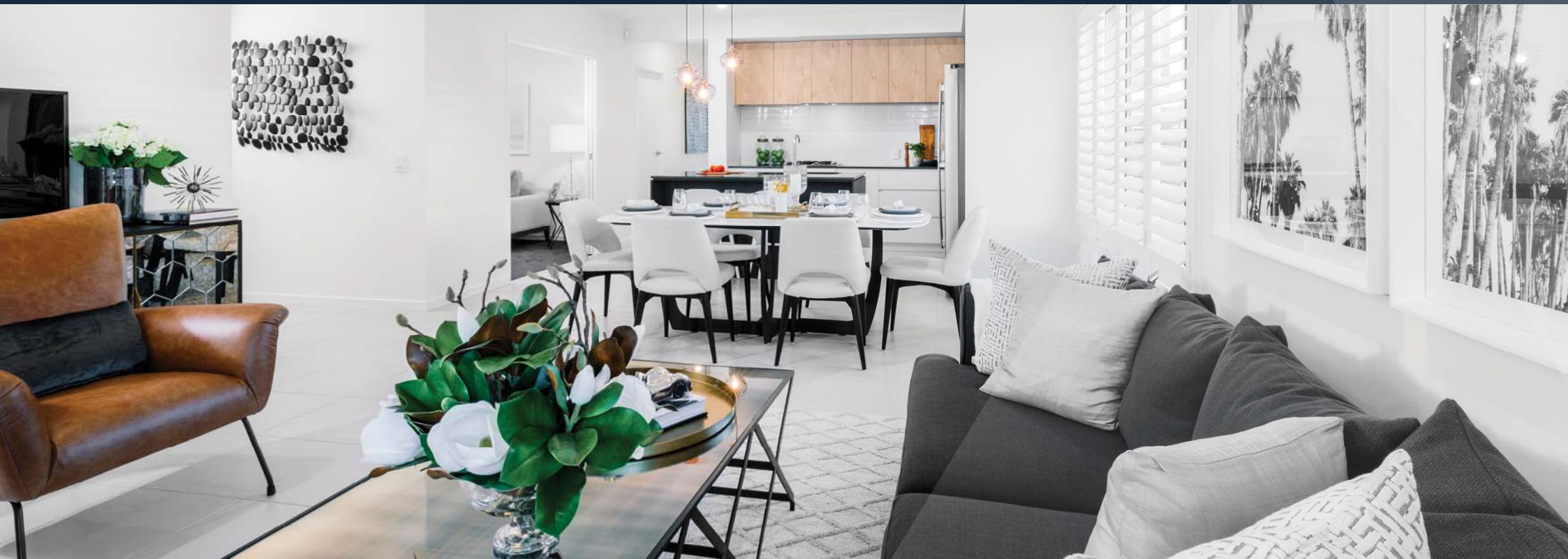


VILLA WORLD LIMITED

FY18 RESULTS PRESENTATION
15 AUGUST 2018



AGENDA

SECTION 1

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SECTION 2

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SECTION 5

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STRATEGIC DIRECTION



RESULTS OVERVIEW

Villa World Limited (ASX: VLW) acquires, develops and markets residential land and house and land estates, across the greenfield growth corridors of east coast Australia.

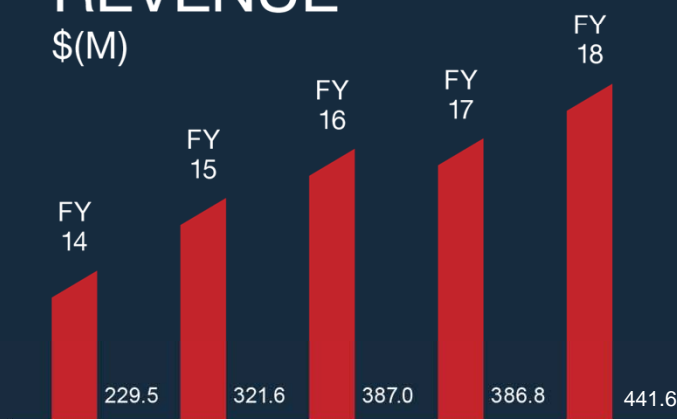
The Company has a clear and deliberate strategy of seeking consistent, through-the-cycle performance.

The Company's has transitioned to a strong delivery phase.

The Company has a positive medium-term outlook underpinned by strong carried forward sales into FY19 and FY20, as well as forecast earnings from the staged sale of the Donnybrook parcels contributing from FY20 through to FY23.

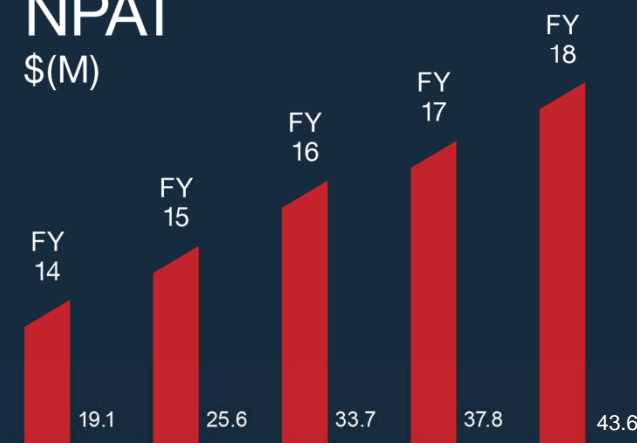
REVENUE

\$(M)



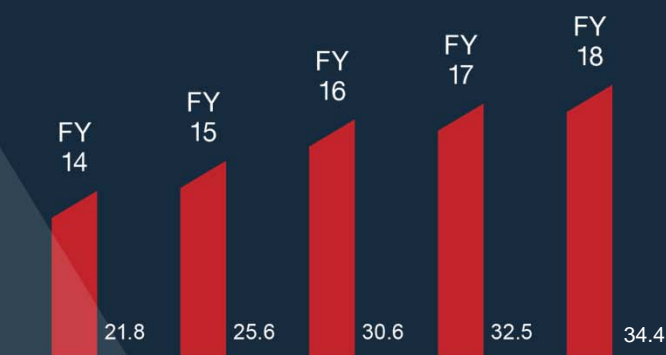
NPAT

\$(M)



EPS

(CPS)



DIVIDEND

(CPS)



SALES AND DELIVERY STRENGTH

Expanding market share by offering land only product, as well as house and land in all States.

Currently, product mix shifting towards land only – reflective of market demand, relative returns and efficient capital use.

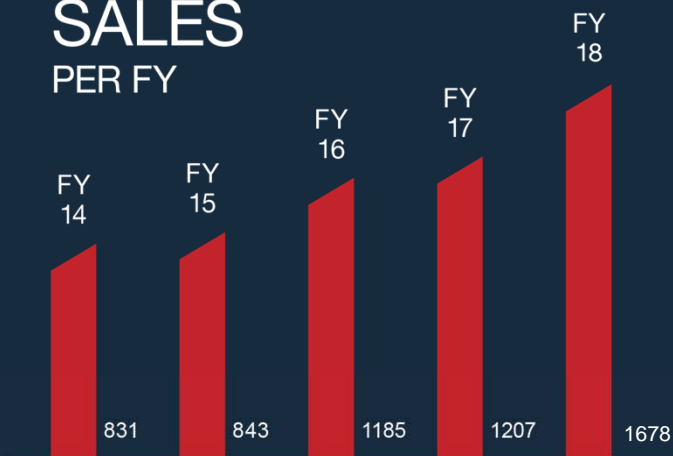
Flagship project releases contributed to strong sales of 1,678 lots.

Portfolio reflects conditional sale of Donnybrook parcels.

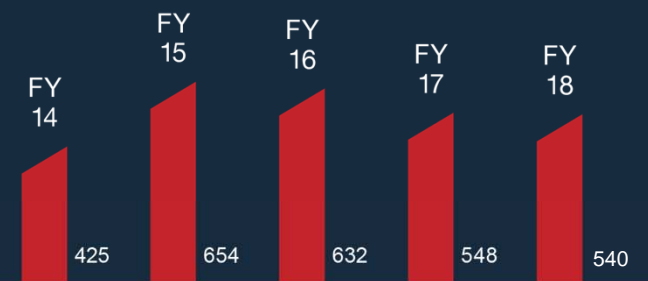
Significant capital to be deployed in FY19 into development and construction of projects.

Selective acquisitions to continue in FY19.

SALES PER FY



HOMES BUILT



PORTFOLIO



LAND DELIVERED



PORTFOLIO OVERVIEW



Significant portfolio growth through disciplined and targeted acquisitions in FY17 resulted in only select acquisitions in FY18. Shift to sales and delivery.

Pipeline of 6,191 lots, representing ~4-5 years of sales.

Portfolio diversified across and within the east coast states.

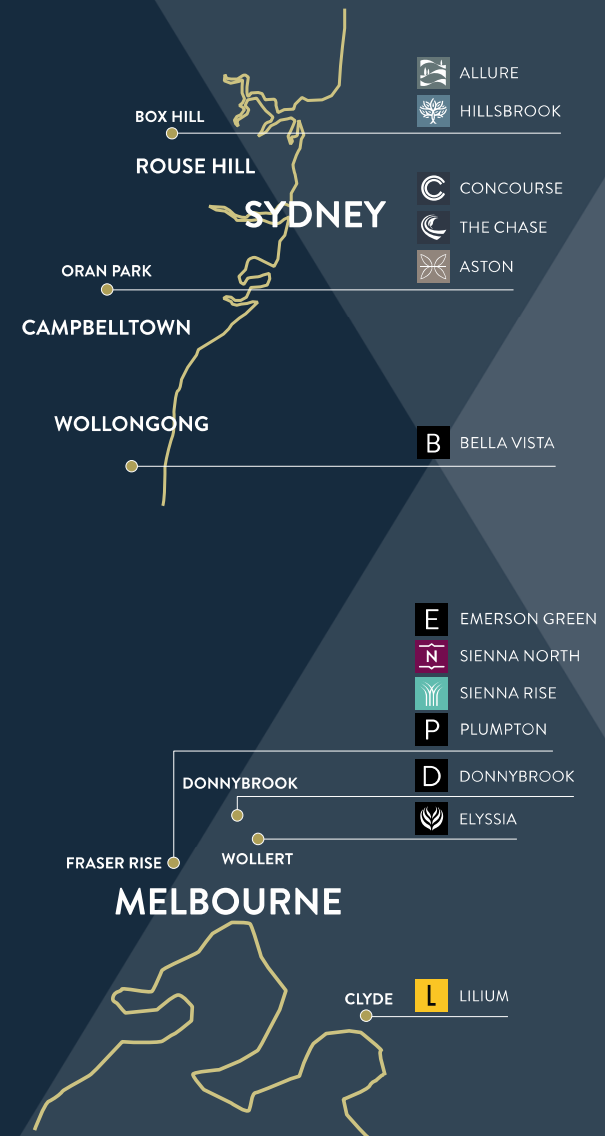
Significant QLD land bank continues to provide exposure to an improving market.

Strong market in VIC continues, with ~382 sales carried forward into future years. Potential upside to FY19.

NSW exposure predominantly through capital lite.

Targeting a diverse geographic mix - as cycles, markets and opportunities allow.

GROWTH



FY18 RESULTS



PROFIT & LOSS

FY18 net profit after tax of \$43.6m, up 15%.

EPS of 34.4 cps¹, up 6%.

Business performance:

- Revenue² of \$441.6m with 1290 wholly owned lots³ settled
- Gross margin of \$117.6 m or 26.6%, above the guidance range of 24-26%.
- Revenue from joint ventures of \$17.5m, including \$7.3m opportunity fee from the Wollert JV. Ongoing revenue stream.
- Ongoing strong carried forward sales⁴ of \$278.1m (845 lots).

Fully franked final dividend⁵ of 10.5 cps, bringing total FY18 dividends to 18.5 cps. Compelling yield⁶ of 8.6%. Dividend policy of 50-75% of annual NPAT, paid semi annually.

¹ Basic earnings per share based on weighted average shares on issue of 126,926,266 (FY17: 116,360,190).

² Excludes contribution from JV's and associates.

³ Total lots settled in FY18 was 1364. 1290 wholly owned lots contributed to revenue.

⁴ Total sales value (including GST) for conditional and unconditional contracts not yet recognised as revenue, inclusive of proportional share of joint ventures.

⁵ Ex-dividend date 3 September 2018; Record date 4 September 2018; Payment date 28 September 2018.

⁶ Based on share price of \$2.16 at 10 August 2018.

	FY18 (\$m)	FY17 (\$m)	Δ %
Revenue	441.6	386.8	14%
Gross Margin	117.6	106.3	11%
Gross Margin (%)	26.6%	27.5%	
Revenue from Joint Ventures and Associates	17.5	5.4	
- Development and project management fee	11.1	2.4	
- Share of profits	6.4	3.0	
EBITDA	71.4	61.6	16%
Statutory net profit before tax	62.0	54.0	15%
Tax Expense	(18.3)	(16.2)	
Statutory net profit after tax	43.6	37.8	15%
	FY18	FY17 cps	Δ %
EPS¹	34.4	32.5	6%
Dividend (cps) fully franked⁵	18.5	18.5	0%

OPERATING PERFORMANCE

Flagship projects contributed to FY18 sales of 1,678 lots.

Solid position across all customer segments – the core being the retail market (comprising owner occupier including first home buyers), as well as builders and local investors. International investors continued to represent less than 5% of sales.

Strong sales, coupled with efficient delivery, resulted in a growing number of settlements.

Revenue mix remains weighted towards house and land – 53% (FY17: 65%).

QLD and NSW remains the main contributor to revenue – 84% (FY17: 80%).

Average revenue per lot is reflective of product mix.

\$278.1m sales carried forward into FY19 (845 lots) (FY17: \$175.7m; 526 lots)¹. Refer slide 20.

¹ Total sales value (including GST) for conditional and unconditional contracts not yet recognised as revenue, inclusive of proportional share of joint ventures. \$108.4m (266 lots) due to settle in 1H19, \$61.2m (181 lots) due to settle in 2H19, and balance of \$108.5m (398 lots) in FY20.

This assumes that a portion of carried forward sales from Sienna Rise and Lilium in Victoria, fall into FY20. There is an opportunity if more stages at these projects move forward into late FY19 (Sienna Rise opportunity of up to \$65m (248 lots) and Lilium opportunity of up to \$39m (134 lots)). Refer slide 20.

Performance	FY18	FY17	Change	
Sales (lots)¹	1678	1207	▲	39%
Mean rate of sale pcm - FY	140	101	▲	39%
Number of projects contributing to profit	28	28		
Settlements (# lots)² - inc. Joint Ventures	1364	1154	▲	18%
Settlements (# lots) - ex. Joint Ventures	1290	1116	▲	16%
- House and Land (# lots)	550	579	▼	-5%
- Land Only (# lots)	735	537	▲	37%
- Englobo Sale (# lots) ³	5	1		
- House and Land (%)	43%	52%		
- Land Only (%)	57%	48%		
Revenue - property sales (\$m)	441.6	386.8	▲	14%
- House and Land (\$m)	234.0	250.0	▼	-6%
- Land Only (\$m)	180.5	134.6	▲	34%
- Englobo (\$m) ³	27.1	2.2		
- House and Land (%)	53%	65%		
- Land Only (incl englobo) (%)	47%	35%		
Revenue - property sales (\$k/Lot)⁴	322.5	344.9	▼	-6%
- House and Land	425.4	432.1	▼	-2%
- Land Only ⁴	245.6	250.8	▼	-2%

¹ Sales - executed contracts, not necessarily unconditional.

² Refer to Note E5(h) Revenue Recognition Policy - Transition to AASB 15.

³ Englobo sale recorded at Essence South Morang (1 lot), Lyra Hope Island (3 lots), Celeste Hope Island (1 lot).

⁴ Excludes englobo sale.

BALANCE SHEET AND CAPITAL MANAGEMENT

Flexible and diverse funding profile:

- \$190m senior debt facility (ANZ and Westpac).
- Long term, staggered maturity profile.
- ANZ (\$140m facility) staggered through to March 2022.
- Westpac (\$50m facility) maturing in March 2021.
- \$50m simple corporate Bond maturing in April 2022.

Balance Sheet remains strong:

- Net debt of \$171.1m.
- Undrawn facility of \$32.3 m and strong cash flows.
- The transition to a strong delivery phase, has resulted in gearing of 29.7%, at the top end of the targeted range of 15-30%.
- Debt and Bond covenants remain comfortably within limits

NTA of \$2.44 prior to the declaration of the final dividend (10.5 cps).

Balance Sheet	FY18 (\$m)	FY17 (\$m)
Assets		
Cash	12.6	7.7
Receivables	130.2	52.6
Inventories	401.6	478.0
Investments accounted for using the equity method	27.3	24.9
Other	16.3	14.5
Total Assets	587.9	577.7
Liabilities		
Trade and other payables	44.1	49.9
Land acquisitions payable	33.7	139.3
Interest bearing liabilities	183.8	81.5
Other	16.6	19.3
Total Liabilities	278.2	289.9
Net Assets	309.7	287.7
Net tangible assets	309.7	287.7
NTA (\$ / Share)	2.44	2.27
Net Debt	171.1	73.8
Net Debt : Equity (%)	55.2%	25.6%
Gearing ^{1,2}	29.7%	12.9%
Secured Gearing Ratio ³	21.3%	4.2%
Look Through Gearing ⁴	28.9%	12.9%
Interest Cover ⁵	6.8 x	7.77 x
Capitalised borrowing costs (% of Inventory)	3.70%	2.43%
¹ (Interest bearing liabilities - cash)/(Total assets - cash)		
² Limitation on debt incurrence covenant under the Bond issue. Limit of 50%.		
³ Negative pledge (secured gearing ratio) under the Bond issue. Limit of 40%.		
⁴ Gearing when joint ventures are proportionally consolidated.		
⁵ Interest Cover = EBITDA / net cash interest.		

CASH FLOW

Business generating solid operating cash flows

- FY18 net cash flow from trading activities (before land acquisitions) of \$123.6m.
- Cash land payments of \$155.5m to restock the portfolio (acquisitions largely contracted in prior period).
- Strong interest cover of 6.8 x.

Strong cash flow from operating activities enabled the Company to:

- Pursue growth through the development of existing portfolio.
- Reinvest in the business through settlement of value accretive acquisitions.
- Continue the payment of strong dividends.
- Maintain a strong balance sheet.

	FY18 (\$m)	FY17 (\$m)
Cash flows from operating activities		
Receipts from customers (inc. GST)	396.9	443.6
Receipts from the transfer of development rights	19.0	-
Payments to suppliers and employees (inc. GST)	(292.3)	(254.8)
Net cash flow from trading activities	123.6	188.7
Payments for land acquired	(155.5)	(123.3)
Net Interest paid	(7.6)	(5.4)
Borrowing costs	(0.1)	(0.2)
Corporate Tax Paid	(21.5)	(9.0)
GST (Paid) / Refund	(6.4)	(15.3)
Net cash (outflow) / inflow from operating activities	(67.6)	35.4
Net cash (outflow) from investing activities	(5.0)	(3.3)
Cash flows from financing activities		
Net borrowings (repaid) / drawn	101.1	(94.0)
Proceeds from issue of Villa World Bonds (gross proceeds net of cost)	-	48.4
Proceeds from share purchase plan	-	10.0
Proceeds from issue of share capital (net of costs)	-	19.4
Proceeds from exercise of options	-	4.3
Payments for shares acquired by Employee Share Scheme Trust	(0.1)	(0.4)
Proceed from shares issued under the Employee Share Scheme Trust	0.1	(0.0)
Dividends paid	(23.5)	(20.5)
Net cash inflow / (outflow) from financing activities	77.7	(32.8)
Net increase/(decrease) in cash and cash equivalents	5.0	(0.7)
Cash & cash equivalents at the beginning of the financial year	7.7	8.4
Cash & cash equivalents at the end of the year	12.6	7.7

TRANSITION TO AASB 15 and AASB 9

TRANSITION TO AASB 9 & 15

Both standards applicable for new reporting periods beginning on or after 1 January 2018.

AASB 15 – Revenue from contracts with customers

- Change in the recognition criteria from a risk and rewards approach to a five step recognition model.
- Recognition timing of revenue for house and land, and land only contracts in Queensland and Victoria will move to cash settlement in line with existing New South Wales contracts.
- Adoption of modified retrospective transition method where prior year comparatives are not restated, instead a one-off opening adjustment to retained earnings is made on 1 July 2018. Contracts not cash settled at 30 June 2018 are considered not completed.
- Initial reduction in NTA to \$2.27 per share, and EPS benefit of 17 cents per share in FY19 as transitional contracts cash settle.

AASB 9 – Financial Instruments

- Change to an expected credit loss model for trade receivables and simplified hedge accounting rules.
- No material impact on adoption of standard.

MARKET CONDITIONS



MARKET FUNDAMENTALS



NATIONAL

Cash Rate



1.5%

Inflation



1.9%

Economic
Growth



3.1%

Population
Growth



1.6%

Unemployment
Rate



5.4%

QLD



6.1%



1.7%



\$15,000

NSW



4.8%



1.5%



\$10,000

VIC



5.3%



2.3%



\$10,000

Key drivers remain in place:

- First home buyer grants
- Interest rates
- Consumer confidence, driven by employment.

Source:
 1 National Statistics – RBA Snapshot (5 July 2018)
 2 State unemployment rates (trend) – Queensland Treasury, Labour Force, June 2018 (based on ABS 6202.0, released on 19 July 2018)
 3 State population growth – Australian Demographic Statistics, Dec 2017 (based on ABS 3101.0, released on 21 June 2018)
 4 FHB Grants - Queensland Treasury, Office of State Revenue New South Wales, State Revenue Office Victoria

FY19 OUTLOOK



2019 OUTLOOK

Outlook

- The Company will continue to focus on operational delivery and cash settlement of carried forward sales.
- Sales are expected to remain strong, underpinned by full year contributions from eight flagship projects in sought-after residential corridors in Queensland (North Brisbane, Logan and Gold Coast) and Victoria (North, North-West and South-East Melbourne).
- The Company continues to progress its strategy of growing joint venture arrangements. These arrangements are expected to contribute in excess of \$6 million to profit before tax primarily from the Rochedale and Greenbank joint venture projects, with the Wollert and Donnybrook joint venture project to follow from FY20.
- FY19 gross margin is expected to be within the range of 24% to 26%.
- Selective acquisitions of projects to build pipeline beyond FY20. Expected cash outflow for acquisitions of \$40 to 60m, inclusive of \$7m in capital lite in FY19.

FY19 Guidance

- The Company is targeting a statutory profit after tax of approximately \$40 million.
- Assumption - general consumer confidence is maintained, interest rates remain low, consumer credit conditions do not deteriorate and first home buyer grants remain in place.
- There remains a possibility that resolution of delays with planning authorities in Victoria may lead to delivery of revenue from certain projects in FY19 rather than FY20. The Company will update the market as necessary.
- Focus on delivering shareholder returns in the medium/long term - transition to a strong delivery phase positions the Company toward a strong FY19 and FY20, with a positive medium-term outlook underpinned by forecast earnings from the staged sale of the Donnybrook parcels contributing from FY20 through to FY23.

FY19 Dividend Guidance

- The Villa World Board intends to continue the stated payout policy of 50% to 75% of annual NPAT, paid semi-annually.
- The Board anticipates paying total dividends of 18.5 cents per share fully franked in FY19. The 1H19 dividend is expected to be 8 cps.

QUESTIONS



ANNEXURES



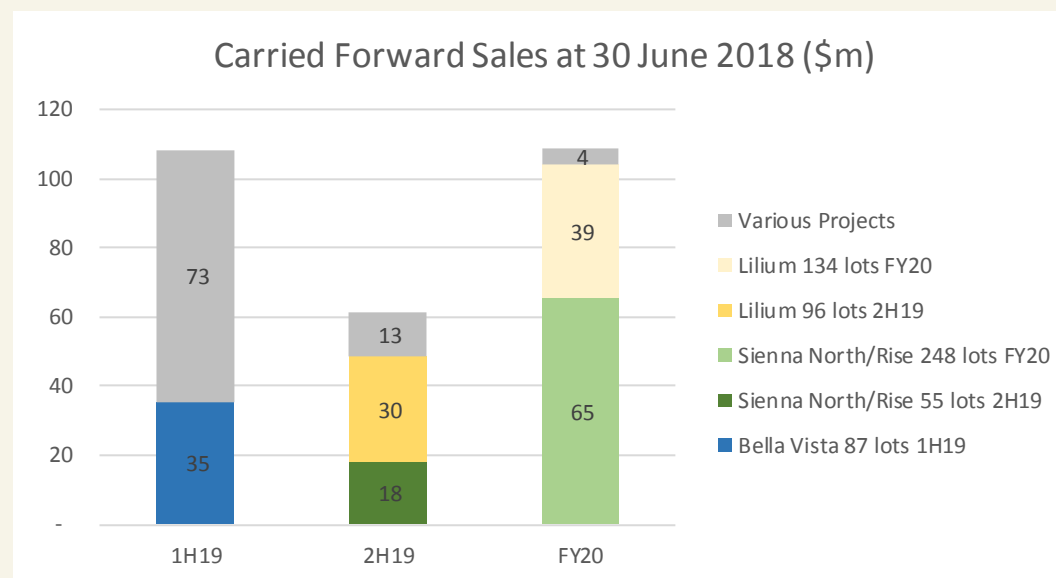
CARRIED FORWARD SALES

\$278.1m sales carried forward into FY19 (845 lots) (FY17: \$175.7m; 526 lots).

- \$108.4m (266 lots) due to settle in 1H19.
- \$61.2m (181 lots) due to settle in 2H19.
- Balance of \$108.5m (398 lots) in FY20.

This assumes that a portion of carried forward sales from Sienna Rise and Lilium in Victoria, fall into FY20. There is an opportunity that these project may move forward into late FY19 (Sienna Rise opportunity of up to \$65m (248) lots) and Lilium opportunity of up to \$39m (134 lots).

Total sales value (including GST) for conditional and unconditional contracts not yet recognised as revenue, inclusive of proportional share of joint ventures.



PORTFOLIO TABLE

Project Name	Region	Suburb	State	Product	Status	Calendar Year Acquired	FY18				FY19	FY20	FY21	FY19		FY20		FY21		FY22		FY23		Starting Price
							Yield	Unsettled Lots	Contracted Lots	Unsold Lots				1H	2H	1H	2H	1H	2H	1H	2H	+		
Queensland																								
Little Creek ¹	Regional QLD	Kirkwood	QLD	LO	Construction	2007	688	391	1	390	✓	✓	✓										LO \$90k+	
Augustus ²	Regional QLD	Hervey Bay	QLD	H&L	Construction	2005	730	313	11	302	✓	✓	✓										H&L \$355k+	
Meadows	N-Brisbane	Strathpine	QLD	H&L	Construction	2015	393	361	12	349	✓	✓	✓										H&L \$390k+	
[Paradise Rd, Burpengary]	N-Brisbane	Burpengary	QLD	LO	Planning ⁵	2018	88	88		88		✓	✓										H&L \$375k+	
[, Caboolture	N-Brisbane	Caboolture	QLD	LO	Planning ⁵	2016	291	291		291			✓										LO \$179k+; HL \$400k+	
[, Bellmere	N-Brisbane	Bellmere	QLD	LO	Planning ⁵	2017	450	450		450													LO \$180k+	
Killara, Logan Reserve	Logan	Logan Reserve	QLD	LO	Construction	2016	714	464	31	433	✓	✓	✓										LO \$189k+	
[, Logan Reserve	Logan	Logan Reserve	QLD	LO	Construction	2018	250	250		250		✓	✓										LO \$219k+	
Covella (JV 50% share)	Logan	Greenbank	QLD	LO JV	Construction	2016	751	719	15	705	✓	✓	✓										LO \$192k+	
Chambers Ridge	Logan	Park Ridge	QLD	H&L	Construction	2016	300	292	13	279	✓	✓	✓										H&L \$405k+	
The Orchard ¹	SW-Brisbane	Doolandella	QLD	LO TH	Construction	2017	149	37	3	34	✓	✓	✓										116 LO \$263k+; 33 TH \$378k+	
Arundel Springs ¹	Gold Coast	Arundel	QLD	LO TH	Construction	2015	391	234	15	219	✓	✓	✓										306 LO \$350k+; 85 TH \$475k+	
Subtotal - QLD (30 June 2018)							5,195	3,890	101	3,790														
Victoria																								
Elyssia (51% share)	N-Melbourne	Wollert	VIC	LO JV	Planning ⁵	2016	147	147	7	140		✓											LO \$295k+	
Englobo parcel 1, under contract, Donnybrook (51% share)	N-Melbourne	Donnybrook	VIC	LO JV Englobo	Planning ⁵	2015	2	2	2 (conditional)	-		✓	✓										Under contract - timing subject to PSP	
Englobo parcel 2, under contract, Donnybrook (51% share)	N-Melbourne	Donnybrook	VIC	LO JV Englobo	Planning ⁵	2015	2	2	2 (conditional)	-		✓	✓										Under contract - timing subject to PSP	
Sienna Rise + Sienna North	NW-Melbourne	Plumpton	VIC	LO	Planning ⁵	2014	609	609	303	306		✓	✓										LO \$270k+	
Emerson Green	NW-Melbourne	Plumpton	VIC	H&L	Planning ⁵	2017	372	372		372		✓	✓										H&L \$585k	
[, Plumpton (development management agreement) ⁴	NW-Melbourne	Plumpton	VIC	LO	Planning ⁵	2018	317	317		317		✓	✓											
Lilium	SE-Melbourne	Clyde	VIC	LO	Construction	2017	391	391	230	161	✓	✓	✓										LO \$255k+	
Subtotal - VIC (30 June 18)							1,840	1,840	540	1,296														
New South Wales																								
Concourse ⁴	SW-Sydney	Oran Park	NSW	H&L Cap Lite	Construction	2016 ongoing	61	38	8	30	✓	✓											HL \$668k+	
Aston	SW-Sydney	Oran Park	NSW	H&L	Construction	2018	33	33		33	✓	✓											HL \$565k+	
The Chase (Development agreement @100%)	SW-Sydney	Oran Park	NSW	H&L	Construction	2016	93	93		93	✓	✓											HL \$430k+	
Allure	NW-Sydney	Box Hill	NSW	H&L	Construction	2015	44	40	11	29	✓												HL \$735k+	
Hillsbrook ²	NW-Sydney	Box Hill	NSW	H&L LO	Planning ⁵	2017	34	34		34		✓											28 HL \$775k+; LO \$500k+	
Subtotal - NSW (30 June 18)							265	238	19	219														
Sold out / near sold out in FY18																								
Silvan Rise	N-Brisbane	Dakabin	QLD	H&L	Construction	2016	109	31	22	9	✓												H&L \$451k+	
Seascape ¹	Bayside Brisban	Redland Bay	QLD	LO TH	Construction	2015	187	18	12	6	✓												85 TH \$459k+	
Rosedale Grand (contract build 100% VLW)	S-Brisbane	Rosedale	QLD	H&L Contract Build	Construction	2015	148	48	44	4	✓												\$415k+	
Rosedale Grand (JV 50% share)	S-Brisbane	Rosedale	QLD	LO JV	Construction	2015	84	3	2	1	✓												LO \$448k+	
Cascades ²	SE-Melbourne	Clyde	VIC	H&L LO	Construction	2006	1,138	29	14	15	✓												29 HL \$477k+; 15 LO \$450k+	
Bella Vista Estate	Illawarra NSW	Albion Park	NSW	LO	Construction	2016	87	87		87	-	✓											LO \$395k+	
Other * (Affinity, Park Vista, Harmony, Seabright)			QLD		Construction		768	8	4	4	✓													
Subtotal - Near sold out; settling in FY19							2,521	224	185	39														
Total (all categories) (30 June 2018) ^{6,7}							9,820	6,191	844	5,343														
Notes:																								
¹ Predominantly land only.																								
² Predominantly house and land.																								
³ The long term strategy at this project is to continue developing the land, with the balance sold as an englobo parcel when the market demand for the site presents itself.																								
⁴ Contracted under Put and Call option. Land predominantly paid out of settlement proceeds from third party sales.																								
⁵ Planning - Residential use allowed. Progressing with any necessary approvals from relevant authorities. Low risk.																								
⁶ Projects completed in FY18 - 313 settlements over 8 projects - Waterline, The Nest, Lavinia, Cardinia Views, Emerald Park, Havens on Green, Roxburgh Park and Sienna.																								
⁷ Projects sold in FY18 - Essence South Morang (1 lot), Celeste Hope Island (1 lot), Lyra Hope Island (3 lots).																								

ACQUISITIONS

Project Name	Location	State	Region	Product	# Lots
Total Acquisitions FY14					1332
Total Acquisitions FY15					2769
Total Acquisitions FY16					2139
Total Acquisitions FY17					3454
[], Burpengary	Burpengary	QLD	N-Brisbane	LO	88
[], Logan Reserve	Logan Reserve	QLD	Logan	LO	250
[], Plumpton (development management agreement)	Plumpton	VIC	NW Melbourne	LO	317
Aston, Oran Park	Oran Park	NSW	SW Sydney	H&L	33
Concourse (capital lite)(adjacent site)	Oran Park	NSW	SW Sydney	H&L	13
2H18 Acquisitions					701
Total Acquisitions FY18					701

Note - *Celeste*, an adjoining parcel to *Lyra*, Hope Island was purchased and disposed of during FY18.

CASH COMMITMENTS ON PROJECTS

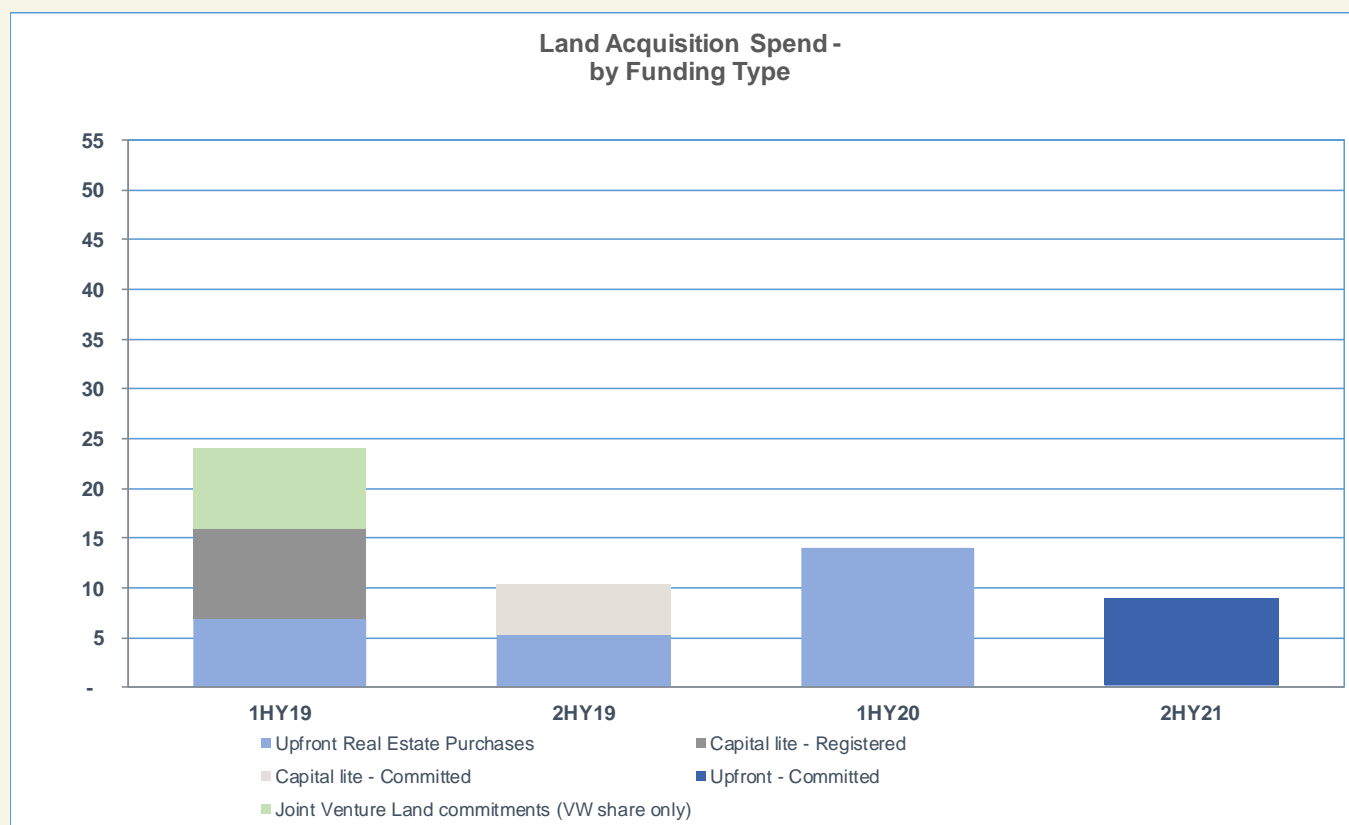
The chart below shows \$57.6 m in anticipated total cash outlay for land through to 2H21 comprising:

- \$35.7 m¹ recorded as land acquisitions payable as at 30 June 2018
- \$5.0 m in 'capital lite' acquisitions to be settled primarily through third party settlement proceeds not yet shown on the balance sheet as a payable as the land is not yet registered
- \$8.7 m in real estate purchases committed
- \$8.1 m in joint venture land commitments.

In total, the \$57.6 m will be funded as follows:

- \$43.6 m from operating cash flow and existing debt facilities
- \$14.0 m funded from primarily third party settlement proceeds ("capital lite" model).

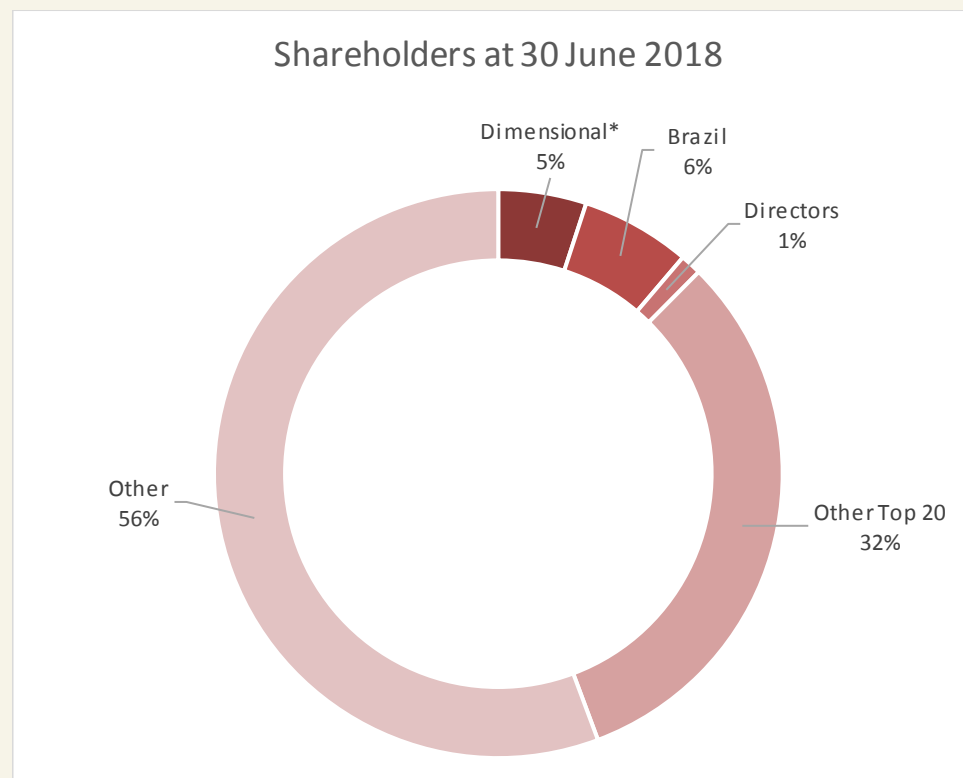
¹ Includes land acquisitions payable of \$33.7 million as shown on the balance sheet, adjusted for NPV unwind of \$2.0 million.



SHARE REGISTER

Broad, supportive shareholder base

- 44.3% of shares held by Top 20 investors
- 20+ institutions on the share register



* Dimensional increased their holding to 6.005% on 19.07.18