



19 November 2014

Guidance Upgrade, Sales and Acquisitions Update

On 27 August 2014, the Company announced that its Net Profit before Tax for FY14 was \$22.6 million, and that the Company anticipated Net Profit before Tax growth in excess of 5% (\$23.7 million), with further upside dependent on market conditions and product delivery.

The Company advises that it now expects the Net Profit before Tax (subject to audit), for the full year ending 30 June 2015 to be at least \$27.0 million.

Five new communities have been released or pre-released since late September. These projects have been well received by the market and we have experienced the forecast step change in sales.

Importantly, as time progresses, the volume of production underway, and the expected completion times, have given the Company greater certainty over delivery dates, and hence the ability to settle (and recognise profit) on sales.

FY15 earnings will be weighted to the second half. The Company is targeting a Net Profit before Tax (unaudited) for 1H15 of approximately \$9.5 – 11.0 million, dependent on the timing of delivery of the first stage of Circa Metro. This compares to a Net Profit before Tax of \$9.4 million for 1H14.

The Company expects to recognise the remaining \$14.3 million in carried forward unused tax losses (with a DTA of \$4.3 million) in 1H15. The Company will have no further carried forward tax losses to recognise, and the tax rate from 2H15 will be the company tax rate of 30%. However, cash tax will not be paid until mid FY16.

1H15 results are expected to be reported to the ASX on 18 February 2015.

Sales Update

Sales through to October 2014 have been strongest at our north Brisbane house and land and town house projects of *Park Vista*, *Orana* and *Circa Metro*. Bayside Brisbane projects, *Mt Cotton* and *East Ridge* have also performed strongly. Strong interest at newly released projects in bayside Brisbane and in the Gold Coast, *Era* and *Parkside* will convert into sales from November. We have secured interest from eight national builders to develop a display home village in our *Waterline* estate. This is expected to boost sales at this premium land only development when it is released to the market toward the end of November.

Newly released Cardinia Views contributed to sales in October and is shaping up to be a solid replacement for the successful Cascades development. Our Melbourne in-fill development of Roxburgh Park was half sold out during its first weekend of release.

Inventory levels have been lifted to meet projected demand. The Company is on track to deliver in excess of 800 lots in FY15.

Acquisitions

Restocking remains a priority for the Company. In FY15 to date, the Company has acquired 1537 lots. In Queensland, the Company has added to its presence in the Gold Coast corridor, with a 107 lot acquisition in Jacobs Well. Strength in the bayside Brisbane market will benefit our recently acquired Redland Bay (76 lots) project. Sales strength at our existing north Brisbane town house developments have prompted the Company to purchase a boutique 39 lot development in Bridgeman Downs. The Company has been acquiring adjoining parcels of land in Rochedale, and will now develop a 148 lot estate in FY16. A 366 lot land subdivision has been purchased in Beaudesert, a new corridor for the Company.

In Victoria, the Company has been actively buying in the north – northwest growth corridors, with 131 lots purchased in Greenvale and 170 lots purchased in Plumpton. On 30 October 2014, the Company announced that it had recently acquired a significant parcel of land located in the northern growth corridor of Melbourne. This joint venture will see approximately 940 residential lots developed on the 66 hectare site, following the successful implementation of a Precinct Structure Plan and planning permit. We expect that new families will start to call this community home by mid-FY18. This project will be funded outside of the Villa World MOFA facility.

In the short to medium term, the Company will continue to strategically acquire land in new areas, as well as replacement projects for completed, or near completed projects.

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