

5 November 2015

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

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## 2015 Annual General Meeting Addresses

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Please find attached addresses to shareholders to be delivered by the Chairman and the Chief Executive Officer & Managing Director at Villa World Limited's Annual General Meeting ("AGM").

The results of the meeting will be communicated to the market shortly after the conclusion of the AGM.

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Enquiries to:

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Company Secretary

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## Chairman's Address – Presented by Mark Jewell

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It is my pleasure to be here today to join with you in celebrating a year of success and to look forward to 2016 – Villa World's 30th year as a publicly listed company.

Like anyone approaching 30, we've been reflecting on our journey so far and making plans for the future. The Villa World team has worked hard to deliver on our vision and to ensure continued success for our customers and shareholders.

When we look at what Villa World has achieved during the past 12 months and the outlook for 2016, there is no doubt that we have come of age. We have a strategically located portfolio, a strong balance sheet and prudent gearing in place. Coupled with a continued positive market outlook and continued consumer confidence, Villa World is well positioned for through the cycle performance and growth.

The Board was pleased to report a statutory after tax profit of \$25.6 million for FY15, up 34% from \$19.1 million the previous year. This result comes off the back of a 40% increase in revenue to \$322 million.

The Company has a market capitalisation of \$220 million, around four times that of three years ago. This strengthening was acknowledged in March this year with Villa World's inclusion in the S&P/ASX300 index.

Our credibility and reliability continues to translate to consistent and solid dividends for shareholders. The Board declared a total dividend of 16 cents per share fully franked for the year, representing an attractive yield for shareholders of 8% fully franked. The Board acknowledges the work of Managing Director and Chief Executive Officer, Craig Treasure, and the Company's experienced management team, for delivery of the strategic plan with a strong focus on affordable to mid-range housing and a return to the Company's core business of low-risk development.

This approach delivered strong sales in FY15, particularly in South-East Queensland. It has also established an increasingly diverse market platform encompassing first home and traditional buyers, investors and a growing down-sizer market.

As Queensland's oldest ASX-listed housing development company and one of Australia's largest land and housing providers, Villa World looks forward to celebrating 30 years as a publicly listed company in 2016 by reaching for the next level.

Perhaps some of us here today can still remember turning 30, and if you're lucky, a few of you still have this to look forward to.

For most of us, thirty marks the real start of your career. You have the education, you've gained early experience in your field and are now mature enough to seize the opportunities that come your way.

I feel Villa World is in that position.

I would like to close by acknowledging the valuable contribution during the year, of my fellow independent directors, David Rennick and Gerry Lambert, along with Craig Treasure and the entire Villa World team.

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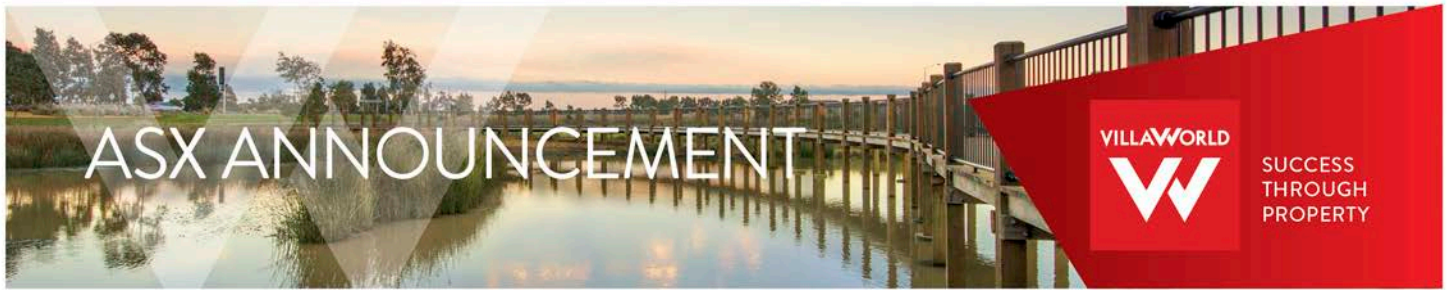
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The years ahead have never looked so positive. We can all look forward to sharing success through property with more and more Australian families as they choose Villa World to deliver their new homes.

That concludes the Chairman's address.

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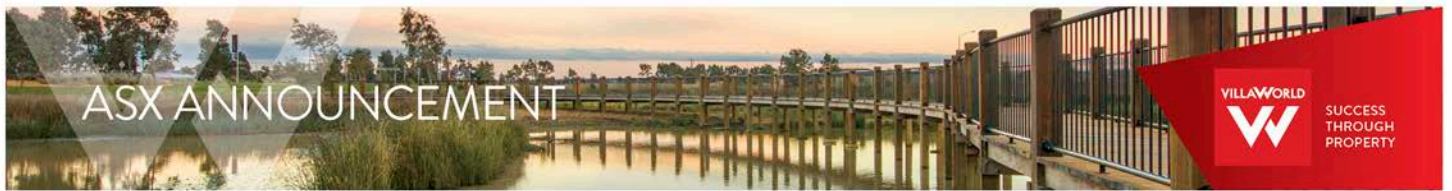
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## Chief Executive Officer & Managing Director's Address – Presented by Craig Treasure

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Welcome everyone to the Villa World Annual General Meeting for 2015.

It's been an exciting year with excellent results across all areas of the business.

But before we talk about our successes and look forward to the future, I'd like to take a moment to reflect on where we've come from.

Villa World has a proud history of creating homes for Australians since 1986. Of course, the world is a very different place now, compared to 30 years ago.

In 1986, we had never used the word 'google' as a verb and the term 'email' had just been coined. It was the year that IBM unveiled a new product called the 'PC Convertible' - the first laptop computer.

And in 1986, the median house price in Australian capital cities was just \$76,000<sup>1</sup>. It's now over the million dollar mark in Sydney; approaching \$700,000 nationally, and around \$500,000 in Queensland.

A lot has changed since Villa World first opened its doors for business, but the things that haven't changed are the very things that have ensured our success nearly three decades later.

I'm not only talking about our high quality, outstanding value product but perhaps more importantly, our unwavering commitment to customer relationships, delivering a positive experience to our customers and our disciplined approach to delivery.

I'd like to acknowledge the hard work and commitment of each and every person who has been part of the Villa World story. It is our people – past and present, who have made this business in to what it is today.

Since our beginnings in Queensland almost 30 years ago, we have expanded across the east coast and grown to become one of the leading residential property developers in the country. Villa World is part of the lives of more than 40,000 Australians, sharing success through property.

Looking back over the past 12 months, we have much to celebrate.

I'm delighted to report a 40% increase in revenue, which contributed to a 30% increase in net profit before tax. Our net profit before tax for FY15 was \$29.4 million.

Our average sales figures went from strength to strength during the year, from 59 per month during the first half to 82 per month during the second half of the year. It is this momentum and our improved delivery efficiencies that contributed to a strong underlying gross margin of 27% or \$86.7 million.

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<sup>1</sup>Macquarie University paper: [http://www.econ.mq.edu.au/Econ\\_docs/research\\_papers2/2004\\_research\\_papers/Abelson\\_9\\_04.pdf](http://www.econ.mq.edu.au/Econ_docs/research_papers2/2004_research_papers/Abelson_9_04.pdf)

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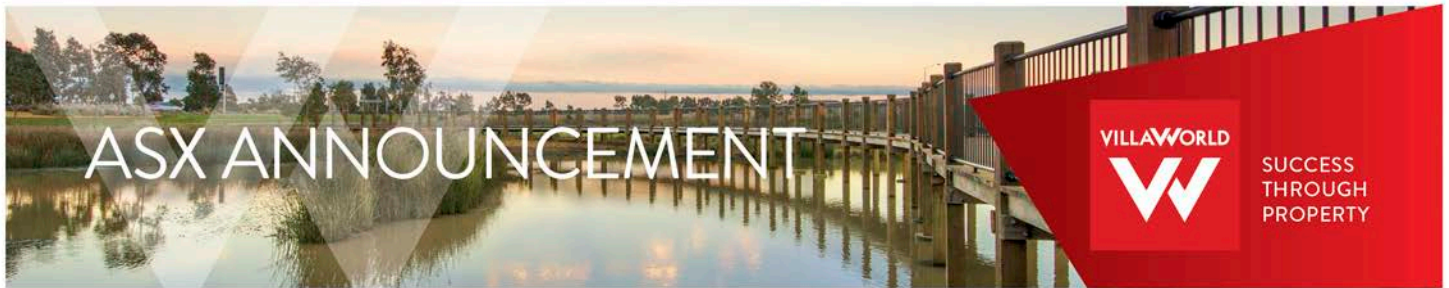
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We have entered FY16 with 364 sales contracts worth a total of \$134.1 million. More than 97% of these contracts are expected to settle in the first half of the year.

In the first-quarter of FY16 we recorded average sales of 90 per month, up from our strong second half FY15 sales of 82 per month and in line with our target range of 1,000 to 1,200 sales for the year.

We are on target to deliver seven new projects in FY16, with the 82 premium land lot Riva project, north of Brisbane, and 81 house-and-land lots at Ellabay, in the south-east at Redland Bay, recently released to the market.

These figures signal growing demand for the Villa World product and pave the way for our continued growth. But strong sales performance is only part of the story.

During the year we revised our sales and marketing strategy to focus more on meeting the needs of a diverse customer mix. This has seen us stretch our price offering to better target more customers in more markets.

We have continued to pursue our successful acquisitions strategy. We have almost doubled our portfolio in the past two years and have more products across more price points than ever before. With a focus on strong growth corridors in Victoria and the buoyant Queensland market, our portfolio gears us up for continued strong performance.

In FY15, we delivered 840 new home sites and built 654 new homes. That's 24% more product output than our annual average over the past 3 years. In fact, house production has doubled since 2012.

To ensure future success, it is important that we have the financial agility to take advantage of market opportunities. Our successful capital raising in January of this year has reinforced Villa World's financial strength and, with a strong operating cash flow, we outlaid \$102.1 million to acquire land while remaining in a comfortable financial position.

The Company continues to maintain a conservative gearing level at 16.9%, compared to 24.8% as at 31 December 2014. Net debt as at 30 June 2015 was \$69.5 million.

The FY15 profit result included provision of \$8.9 million for legacy litigation issues, as announced in May 2015, reducing future balance sheet uncertainty.

Looking forward, Villa World is set for another year of success through property.

Our recent purchase of the Arundel site is one of our largest acquisitions to date and signals the beginning of an exciting new chapter in the Villa World story.

This strategically-positioned site will include in excess of 350 new homes and townhouses, designed to appeal to a diverse market of both owner-occupiers and investors looking to secure a piece of the burgeoning Brisbane-Gold Coast corridor.

Arundel is a vital part of our plan to deliver double-digit growth in FY16. We will continue to look for acquisition opportunities and intend to spend between \$135 and \$150 million this year, depending on the opportunities available.

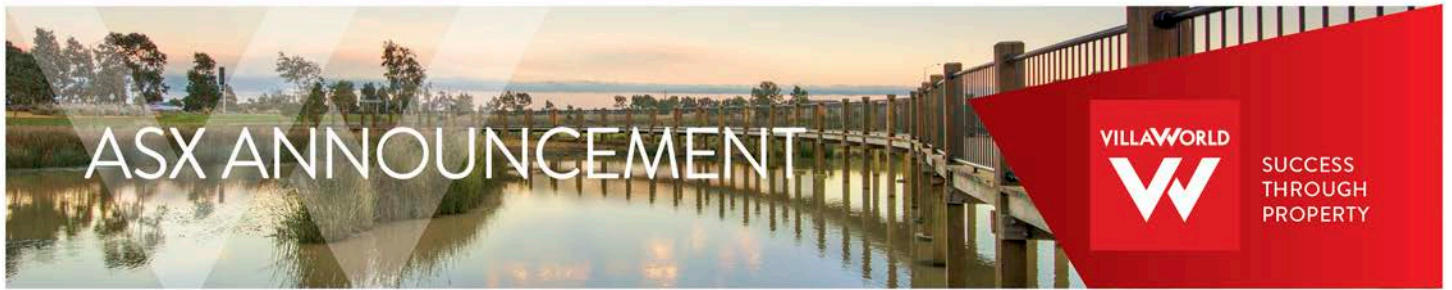
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Villa World now has a portfolio of more 5000 lots across 20 projects. Seven of these projects will be released this year. With this solid pipeline and our strong operational and financial performance, Villa World is well positioned to enjoy another positive year.

Of course none of this is possible without the support of the fantastic team at Villa World. We are fortunate to have highly talented and motivated people within the business that are passionate about the future of the company. I'd like to extend my thanks to all of the teams across our divisions of operation.

The recent change in political leadership at the national level will bring a renewed focus on our economy, jobs growth and a rise in consumer confidence. Coupled with low official interest rates and first home buyer incentives, the outlook for FY16 is one of increased sales strength and the opportunity to achieve strong profit levels.

2016 will be our 30th year in business and I'm pleased to say that we expect to celebrate this milestone with a before tax profit of \$40.5 million.

Through our commitment to customer relationships and disciplined approach to delivery, we look forward to welcoming more Australians to their Villa World home and delivering success through property to our shareholders.

Mr Chairman, that concludes the Managing Director's Address for 2015.

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