

VILLA WORLD LIMITED

FY16 RESULTS PRESENTATION
16 AUGUST 2016

YEARS
EST. 1986

CELEBRATING 30 YEARS

SUCCESS THROUGH PROPERTY





AGENDA

INTRODUCTION

Craig Treasure, MD & CEO

STRATEGIC DIRECTION

Craig Treasure, MD & CEO

FY16 RESULTS

Paulene Henderson, CFO

OUTLOOK

Craig Treasure, MD & CEO

ANNEXURES





2016 AT A GLANCE

Relationships, performance, growth

REVENUE UP

20%

NPAT UP

32%

EPS UP

19%

DIVIDEND UP

13%

30
YEARS
EST. 1986



OUR STRATEGY

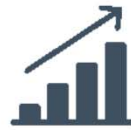
Success Through Property

OUR STRATEGY



FOCUS

On our teams,
customers, shareholders
and core capabilities



GROW

New core business,
growth corridors,
and our people



LEAD

Our sector through
performance and learn
from experience

RECOGNISED
AS A LEADING
EAST COAST
RESIDENTIAL
HOUSE & LAND
DEVELOPER



OUR VISION

Is to be the company
of choice for people
to achieve success
through property

OUR MISSION

To create property solutions
where demand meets opportunity
as we deliver value and positive
experiences across all our relationships

OUR VALUES

Performance
Agility
Integrity
Knowledge
Unity
Respect



10 YEARS

RECOGNISED AS A LEADING
AUSTRALIAN PROPERTY COMPANY





STRATEGIC PORTFOLIO

Growth pipeline



Portfolio of 5,937 lots ~5 years sales.

Diversified across and within east coast states.

Targeted acquisitions to:

- Replenish Queensland
 - 2,139 lots acquired in FY16 (2,097 in QLD)
- Grow Victoria
 - Significantly improved the Donnybrook¹ joint ventures commercial position
- Enter New South Wales through partnering.
 - Development Agreement with Greenfield Development Corporation in south west Sydney².

¹The Donnybrook joint venture has entered into a conditional contract to sell ~67.9 ha (~1,000 lots, VLW 51% share being 510 lots) to Satterley Property Group Pty Ltd. The sale contract is conditional on PSP Approval being obtained by 6 April 2020, and the process has commenced. The total sale price for the Property is \$34 million (plus GST), subject to adjustment based on final developable land yield. Cash settlement and title transfer is to occur in four equal stages, commencing 30 days after PSP approval and then 12, 24 and 36 months after the first settlement. The joint venture intends to retain and develop the remaining parcel of land comprising ~206.1 ha (1,196 lots, VLW 51% share being 610 lots). The entire property was purchased by the Donnybrook joint venture in late CY14 for \$22.8 million.

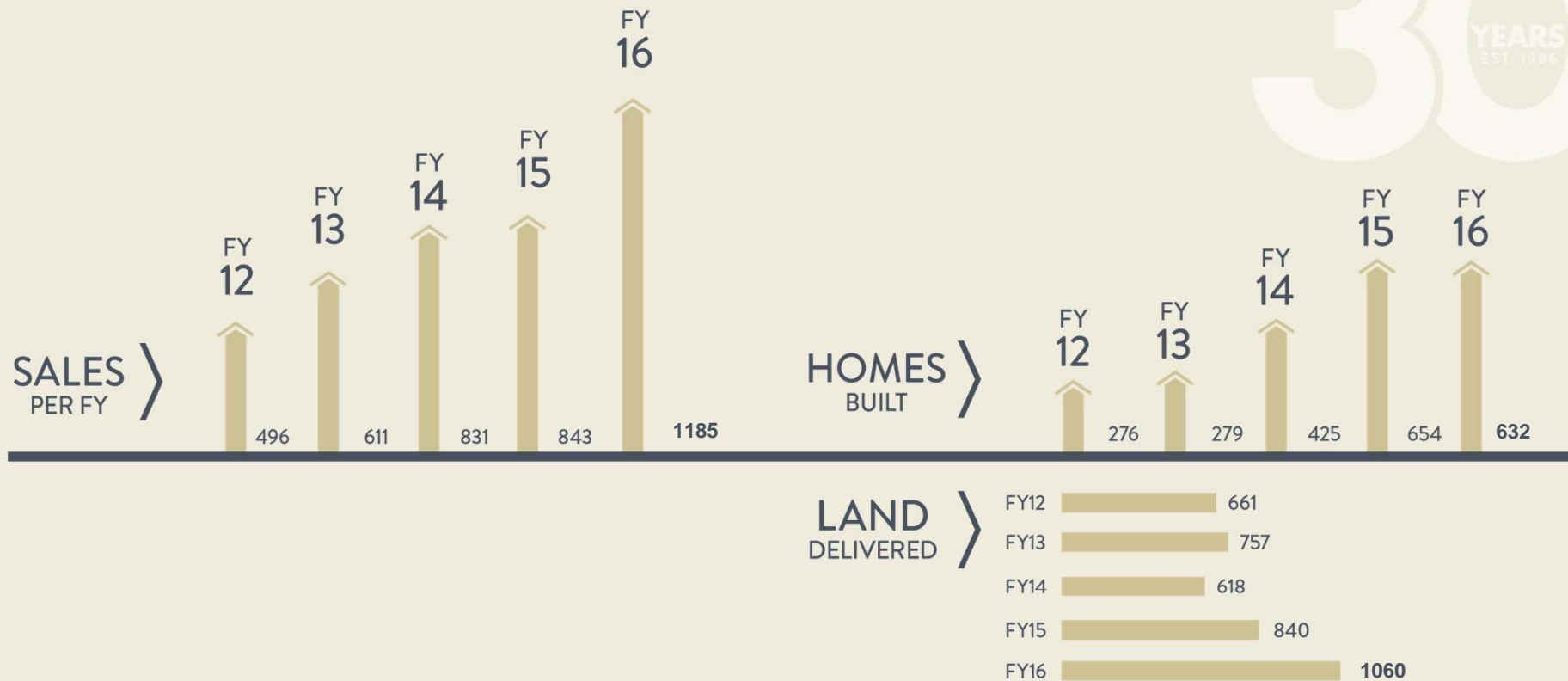
²Subject to finalisation of documentation and satisfaction of conditions. Initial ~90 lots.



SALES AND DELIVERY STRENGTH

Strong growth under current management team

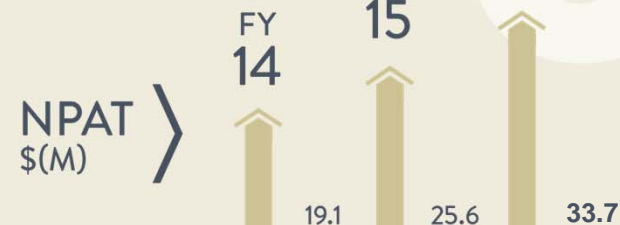
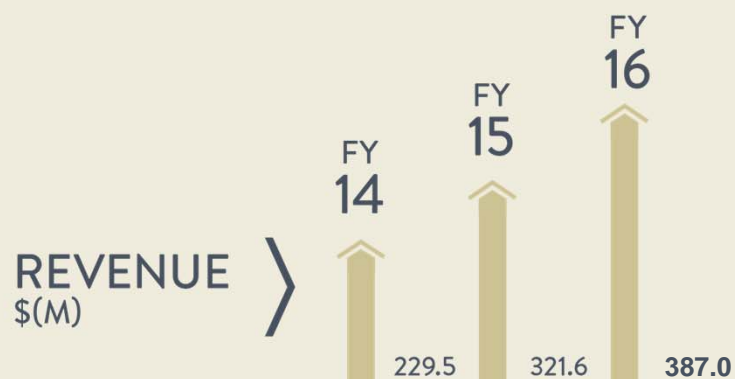
30
YEARS
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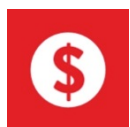


RESULTS SUMMARY

Well positioned to grow long term shareholder value



30
YEARS
EST. 1986



FY16 RESULTS

Profit & Loss

	FY16 (\$m)	FY15 (\$m)	Δ %
Revenue	387.0	321.6	20%
Gross Margin	100.6	77.8	29%
Gross Margin (%)	26.0%	24.2%	
Statutory net profit before tax	47.2	29.4	61%
Tax Expense	(13.5)	(3.7)	
Statutory net profit after tax	33.7	25.6	32%
	FY16 cps	FY15 cps	Δ %
EPS (NPBT)¹	42.8	29.3	46%
EPS¹	30.6	25.6	19%
Dividend (cps)² fully franked	18.0	16.0	13%

¹ Basic earnings per share based on weighted averages shares on issue of 110,344,277 (FY15: 100,141,376)

² Ex dividend date 1 September 2016; Record date 2 September 2016; Payment date 30 September 2016

Continued sales momentum and excellent delivery resulted in strong revenue growth.

Gross margin of \$100.6 million (26%).

Project management fees - ongoing revenue stream.

Settlement of Eynesbury in 1H16 - \$3.6 million.

Strong earnings growth.

Improved shareholders returns.

Yield of ~7%, fully franked.

30 YEARS
EST. 1986



FY16 RESULTS

Operational Performance

Performance	FY16	FY15	Change	
Number of projects contributing to profit	19	20	▼	-5%
Revenue - property sales (\$m)	387.0	321.6	▲	20%
- House and Land	280.9	258.7	▲	9%
- Land Only	106.1	62.9	▲	69%
Revenue - development and project management fee (\$m)	1.2	0.0	▲	n/m
Settlements (lots) ¹ - inc. Joint Ventures	1073	816	▲	31%
Settlements (lots) - ex. Joint Ventures	1073	814	▲	32%
- House and Land	662	625	▲	6%
- Land Only	411	189	▲	117%
Revenue - property sales (\$k/Lot) ²	355.5	395.2	▼	-10%
- House and Land	424.6	414.1	▲	3%
- Land Only ³	244.1	332.7	▼	-27%
Gross margin (\$m)	100.6	77.8	▲	29%
Margin (%)	26.0%	24.2%	▲	7%
Underlying Gross margin (\$m) ⁴	102.5	86.7	▲	18%
Underlying Margin (%)	26.5%	27.0%	▼	-2%
Share of Profits and Other Income (\$m)	4.1	2.8	▲	45%
Sales (lots) ⁵	1185	843	▲	41%
Mean rate of sale pcm - FY	98.8	70.3	▲	41%

¹ Accounting Settlements require cash settlement in New South Wales. In Queensland and Victoria an unconditional sales contract and for land only, land registration; for house and land, land registration and a certificate of building completion is required.

² Average revenue per lot = (\$387.0m less enlobo sale of \$6.0m) / (1073 settlements less 1 enlobo lot)

³ Average revenue per land only lot = (\$106.1m less enlobo sale of \$6.0m) / (411 settlements less 1 enlobo lot)

⁴ Underlying Gross Margin is exclusive of provision for litigation.

⁵ Sales - executed contracts, not necessarily unconditional.

Strong delivery, growing number of settlements.

Revenue mix remains weighted towards house and land - 73% (FY15: 80%).

QLD was the main contributor to revenue - 83% (FY15: 90%).

Average revenue per lot reflective of product mix.

Average price growth of 4.5%.

Gross margin of 26%.

Sales momentum continues.

\$165.6 m sales carried forward⁶ into FY17 (464 lots).

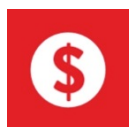
⁶ Total sales value (including GST) for conditional and unconditional contracts not yet recognised as revenue, inclusive of proportional share of joint ventures.



FY16 RESULTS

Sales Performance





FY16 RESULTS

Balance Sheet

Balance Sheet	FY16 (\$m)	FY15 (\$m)
Assets		
Cash	8.4	22.6
Receivables	72.4	41.9
Inventories	373.7	339.6
Investments accounted for using the equity method	18.5	16.8
Other	5.1	11.8
Total Assets	478.0	432.7
Liabilities		
Trade and other payables	45.1	33.3
Land acquisitions payable	46.9	69.0
Interest bearing liabilities	128.6	92.0
Other	20.5	17.7
Total Liabilities	241.1	212.1
Net Assets	236.9	220.6
Net tangible assets	236.9	220.6
NTA (\$ / Share)	2.15	2.00
Net Debt	120.2	69.5
Net Debt : Equity (%)	50.8%	31.5%
Gearing ¹	25.6%	16.9%
Look Through Gearing ²	27.2%	16.3%
Interest Cover	6.06 x	6.00 x
Capitalised borrowing costs (% of Inventory)	2.63%	3.3%
¹ (Interest bearing liabilities - cash)/(Total assets - cash)		
² Gearing when joint ventures are proportionally consolidated.		

Balance sheet remains strong.

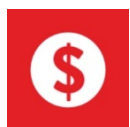
Gearing target of 15–30%.

Interest cover strong.

Undrawn facility \$32.7 m and strong cash flows.

Diversified debt facility with long term, staggered maturity.





FY16 RESULTS

Cash Flow

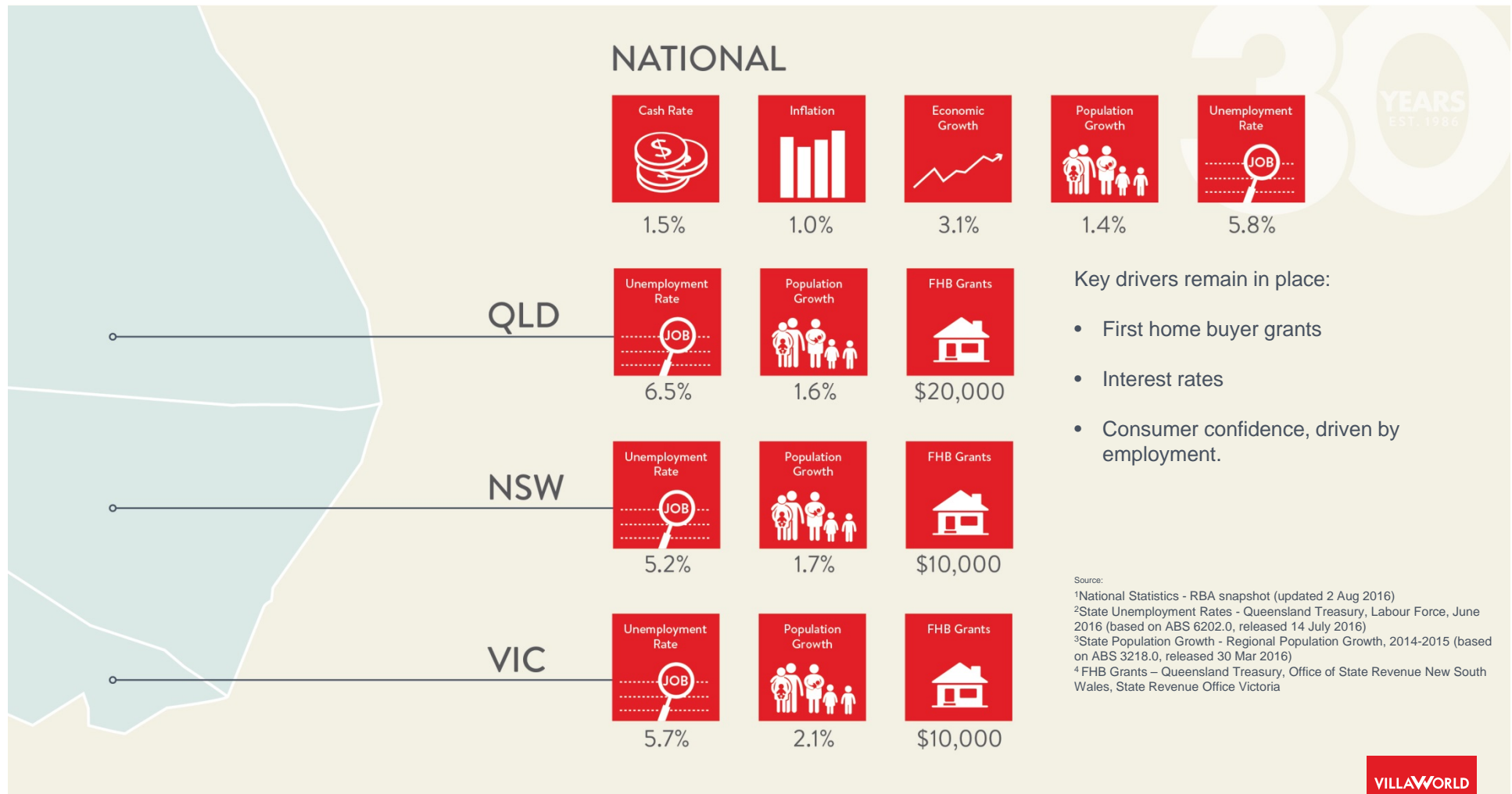
	FY16 (\$m)	FY15 (\$m)
Cash flows from operating activities		
Receipts from customers (inc. GST)	352.4	318.4
Receipts from the transfer of development rights	26.4	-
Payments to suppliers and employees (inc. GST)	(247.3)	(242.9)
Cash generated from operating activities	131.5	75.5
Payments for land acquired	(162.9)	(102.1)
Net Interest paid	(6.0)	(5.7)
Borrowing costs	(0.3)	(0.7)
Corporate Tax Paid	(1.6)	-
GST (Paid) / Refund	7.7	2.6
Net cash inflow / (outflow) from operating activities	(31.6)	(30.5)
Net cash (outflow) / inflow from investing activities	0.9	2.3
Cash flows from financing activities		
Net borrowings (repaid) / drawn	36.4	23.1
Net proceeds from issue of share capital	0.0	30.6
Dividends paid	(19.9)	(15.1)
Net cash (outflow) / inflow from financing activities	16.5	38.6
Net (decrease) in cash and cash equivalents	(14.2)	10.5
Cash & cash equivalents at the beg. of the FY	22.6	12.1
Cash & cash equivalents at the end of half year	8.4	22.6

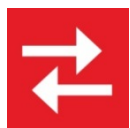
Strong cash flow from operating activities enabled us to:

- Pursue growth opportunities through the development of existing portfolio
- Reinvest in the business through value accretive acquisitions
- Grow dividends
- Strengthen balance sheet

MARKET FUNDAMENTALS

Residential market drivers expected to remain positive





HEADWINDS AND TAILWINDS



PORTFOLIO

House and land, and land only product

Weighted to QLD (67% of portfolio; 83% FY16 revenue)

Growing scale in VIC (33% of portfolio)

Entering NSW through partnering



BALANCE SHEET STRENGTH

Prudent gearing

Funding capacity to acquire in the short and medium term

Flexible finance facility



ECONOMIC CONDITIONS

Relative political stability

Interest rates trending down

Consumer confidence fluctuating

Employment

Population growth

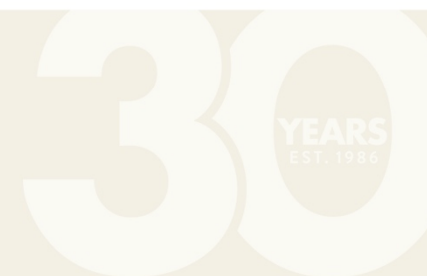


GOVERNMENT POLICIES

First Home Buyer grants – up in QLD

Foreign ownership and lending - limited impact; <5% of sales

Macro prudential regulation – settled





2017 OUTLOOK

POSITIVE MARKET FUNDAMENTALS CONTINUE IN KEY MARKETS

Carried forward sales of \$165.6m (464 lots).

Strong sales in QLD expected to continue into FY17 including key project releases at Seascope, Arundel and Logan.

VIC projects contributing strongly to sales. Turnkey house and land product well accepted. Entry into NSW.

FY17 PROFIT MIX

Rochedale to contribute \$3.4 million (comprising development fees and share of profit) – strong ROI.

Gross margin on wholly owned projects of 24-26%.

STRATEGIC RESTOCKING TO BUILD MEDIUM TERM EARNINGS PROFILE

Projects required to deliver FY17 earnings are owned and largely approved.

Replenish the medium term pipeline, to maintain at least 5 years sales. Focus on east coast growth corridors.

Expected cash outflow for acquisitions of \$60 - 85m in FY17 plus \$40 m in capital lite.

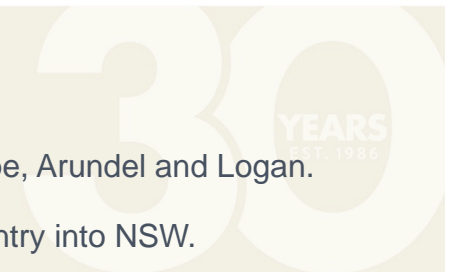
STRONG NPAT GROWTH IN FY17

NPAT growth of at least 5% (\$35.4m) (FY16: \$33.7 m).

CONTINUED SHAREHOLDER RETURNS

FY17 dividend expected to be at least 18 cents per share fully franked.

Dividend policy of paying out 50-75% of annual NPAT, paid semi annually.





SUCCESS THROUGH PROPERTY



Questions?

SUCCESS THROUGH PROPERTY





PORTFOLIO TABLE

Growth pipeline

YEARS
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Project Name	Region	Suburb	State	Status	Calendar Year Acquired	FY16				FY17	FY18	FY19	1H 2H17 1H 2H18 1H 2H19 1H 2H20 2021+					Starting Price
						Yield	Unsettled Lots	Contracted Lots	Unsold Lots									
Land																		
Little Creek ¹	Regional QLD	Kirkwood	QLD	Construction	2007	688	401	1	400	✓	✓	✓						LO \$190k+
Waterline	Bayside Brisbane	Thomlands	QLD	Construction	2013 & 2014	227	91	4	87	✓								\$320k+
Affinity ²	Bayside Brisbane	Thomlands	QLD	Construction	2015 & 2016	118	83	13	70	✓								\$308k+
Riva	N-Brisbane	Joyner	QLD	Construction	2014	81	81	45	36	✓								\$262k+
[], Caboolture	N-Brisbane	Caboolture	QLD	Planning ⁵	2016	291	291		291			✓						\$179k+
Killara, Logan Reserve ¹	Logan	Logan Reserve	QLD	D.A.	2016	721	721		721	✓	✓	✓						LO \$189k+; H&L \$410k+
Arundel Springs ¹	Gold Coast	Arundel	QLD	D.A.	2015	386	386		386	✓	✓	✓						LO \$315k+; TH \$425k+
Lacosi Hill Estate	NW-Sydney	Schofields	NSW	Complete	2014	55	3	3	-	✓								\$332k
Cascades on Clyde ¹	SE-Melbourne	Clyde	VIC	Construction	2006	1,138	44		44		✓	✓						LO \$220k+; H&L \$369k+
[], Plumpton	NW-Melbourne	Plumpton	VIC	Planning ⁶	2014	254	254		254		✓	✓						\$245k+
Cardinia Views	SE-Melbourne	Pakenham	VIC	Construction	2013	320	214	109	105	✓	✓							\$185k+
Subtotal						4,279	2,569	175	2,394									
House and Land																		
Augustus ^{2,3}	Regional QLD	Hervey Bay	QLD	Construction	2005	730	440	15	425	✓		✓						\$339k+; LO \$142k+
Bay Road ^{4,7}	N-Brisbane	Burpengary	QLD	Complete	2011	143	-		-									n/a
Park Vista ^{2,6,7}	N-Brisbane	Mango Hill	QLD	Construction	2010 & 2014	533	30	1	29	✓								LO remaining \$243k+
Circa ^{4,7}	N-Brisbane	Nudgee	QLD	Construction	2009 & 2014	209	18	1	17	✓								\$649k+
The Nest ⁴	N-Brisbane	Fitzgibbon	QLD	D.A.	2015	12	12		12	✓								\$366k+
[], Strathpine	N-Brisbane	Strathpine	QLD	Planning ⁵	2015	383	383		383		✓	✓						\$461k+
[], Griffin	N-Brisbane	Griffin	QLD	D.A.	2015	1	1		1	✓								n/a
Haven on Greens, Griffin ⁴	N-Brisbane	Griffin	QLD	Construction	2016	70	70		70	✓	✓							\$470k+
Mt Cotton Village ²	Bayside Brisbane	Mt Cotton	QLD	Complete	2006	572	1	1	-	✓								LO remaining \$256k+
Era ²	Bayside Brisbane	Capalaba	QLD	Construction	2013	200	65	11	54	✓								\$537k+
Ellabay ²	Bayside Brisbane	Redland Bay	QLD	Construction	2014	84	84	28	56	✓								\$548k+; LO \$279k+
Seascape	Bayside Brisbane	Redland Bay	QLD	Construction	2015	187	187		187	✓	✓	✓						H&L \$523k+; TH \$461k+
The Sanctuary	Logan	Waterford	QLD	Construction	2014	81	24	16	8	✓								\$429k
Cottonwood	Logan	Park Ridge	QLD	Planning ⁵	2016	160	160		160		✓	✓						\$420k+
Parkside ⁷	Gold Coast	Coomera	QLD	Construction	2014 & 2015	179	75	33	42	✓								\$484k+
Seabright	Gold Coast	Jacobs Well	QLD	Construction	2014	107	107	7	100	✓	✓							\$413k+
Lavinia ⁴	N-Melbourne	Greenvale	VIC	Construction	2014	131	65	34	31	✓	✓							\$483k+
Roxburgh Park Central ⁴	N-Melbourne	Roxburgh Park	VIC	Construction	2013	30	28	20	8	✓								\$407k+
Sienna ²	NW-Melbourne	Plumpton	VIC	Construction	2014	165	165	78	87	✓	✓							\$468k+; LO \$243k+
Eminence on Ridley	N-Brisbane	Bridgeman Downs	QLD	Construction	2014	39	39	24	15	✓								\$461k+
Allure, Box Hill	NW-Sydney	Box Hill	NSW	Planning ⁸	2015	44	44		44	✓	✓							TBC
Subtotal						4,060	1,998	269	1,729									
Total (wholly owned projects)						8,339	4,566.5	444	4,122.5									
Contract Build																		
Rosedale Grand	S-Brisbane	Rosedale	QLD	Construction	2015	167	167	13	154	✓	✓	✓						\$314k
Subtotal						167	167	13	154									
Total (projects contributing to Revenue)						8,506	4,734	457	4,277									
Joint Ventures																		
Donnybrook (51% share)	N-Melbourne	Donnybrook	VIC	Planning ⁵	2015	610	610		610			✓						TBC
Donnybrook (51% share) ³	N-Melbourne	Donnybrook	VIC	Planning ⁶	2015	510	510	510	-			✓						Contracted
Rosedale Grand (50% share)	S-Brisbane	Rosedale	QLD	Construction	2015	84	84	7	77	✓	✓	✓						\$396k+
Subtotal						1,204	1,204	517	687									
Total (all categories)						9,710	5,937	974	4,964	28	17	14						

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 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 Remaining lots to be sold as land only.

⁷ Recently acquired land to be marketed under existing project name.

⁸ Conditional contract to sell ~67.9 ha. The JV intends to retain and develop the remaining parcel of land (~206.1 ha).

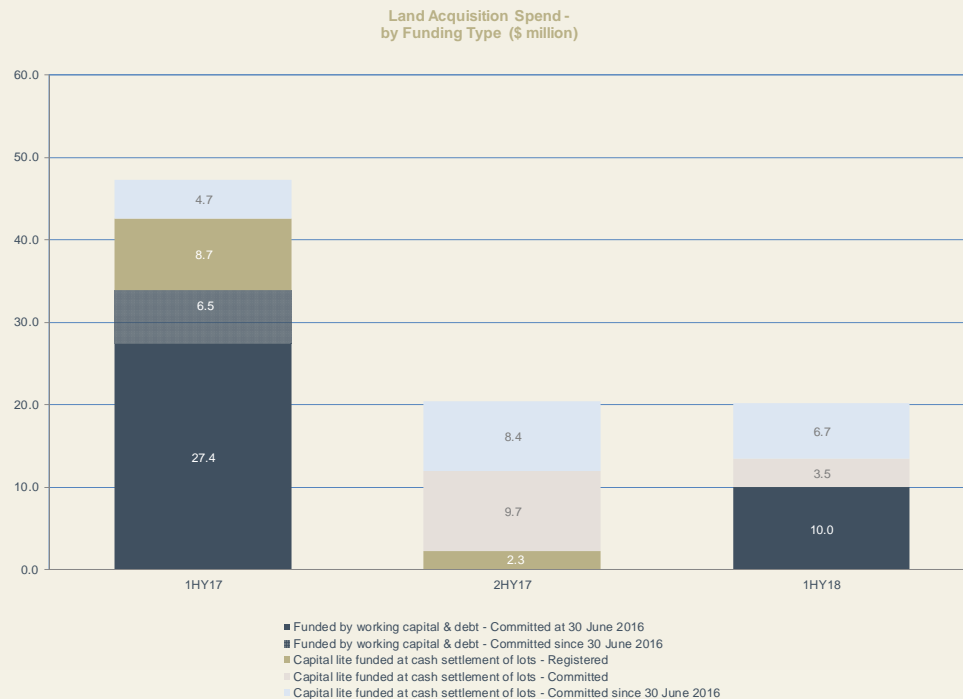


ACQUISITIONS

Project Name	Location	State	Region	Product	# Lots	Purchase Price (\$m) ¹
Parkside (adjoining parcel), Coomera	Coomera	QLD	Gold Coast	H&L	71	\$5.85
Arundel Springs, Arundel	Arundel	QLD	Gold Coast	H&L	352	\$30.66 (+GST)
The Nest, Fitzgibbon Chase	Fitzgibbon Chase	QLD	N-Brisbane	H&L	12	\$1.60
[], Strathpine	Strathpine	QLD	N-Brisbane	H&L	383	\$24.00
Allure, Box Hill	Box Hill	NSW	NW Sydney	H&L	42	\$6.80
1H16 Acquisitions					860	
Killara, Logan Reserve	Logan	QLD	Logan	LO	726	\$32.10
Affinity (adjoining parcel), Thornlands	Thornlands	QLD	Brisbane Bay Side	LO	32	\$2.9m (inc GST)
[], Caboolture	Caboolture	QLD	N-Brisbane	LO	291	\$6.0m
Cottonwood, Park Ridge	Park Ridge	QLD	Logan	H&L	160	\$6.75m
Haven on Greens, Griffin	Griffin	QLD	N-Brisbane	H&L	70	\$15.5m
2H16 Acquisitions to 10 Jun 2016					1279	
Total Acquisitions FY16 to 10 Jun 2016					2139	
¹ Inclusive of GST w here applicable.						



COMMITMENTS



The adjacent chart shows \$87.9 million in anticipated total cash outlay for land through to 30 June 2018 comprising:

- \$48.4 million^{1,2} recorded as land acquisitions payable on the balance sheet at 30 June 2016.
- \$13.2 million in “capital lite” acquisitions to be settled through third party settlement proceeds not yet shown on the balance sheet as a payable as land is not yet registered.
- \$6.5 million relating to the post year end acquisition of the Dakabin project³.
- \$19.8 million relating to the post year end, “capital lite” acquisition of the Cobbitty and Griffin project⁴.

In total, the \$87.9 million in anticipated total cash outlay for land through to 30 June 2018 will be funded as follows:

- \$43.9 million from strong operating cash flow and existing debt facilities (headroom at 30 June 2016 in the debt facility of \$32.7 million)
- \$44.0 million funded from third party settlement proceeds (“capital lite” model).

Gearing to remain in 15%-30%

¹ Land acquisitions payable of \$46.9 million is shown on the balance sheet and is net of NPV unwind of \$1.5 million.

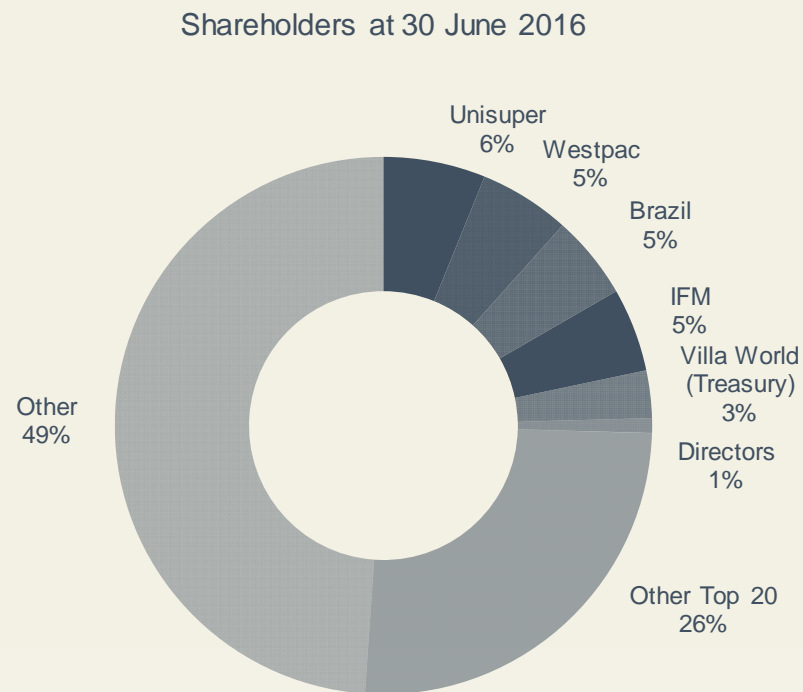
² \$11.0 million “capital lite” purchases which have registered and will be funded through settlement proceeds. \$37.4 million to be funded through strong operating cash flows and existing debt facilities.

³ Not in portfolio schedule at 30 June 2016. 108 lots.

⁴ Not in portfolio schedule at 30 June 2016. 10 and 70 lots respectively.



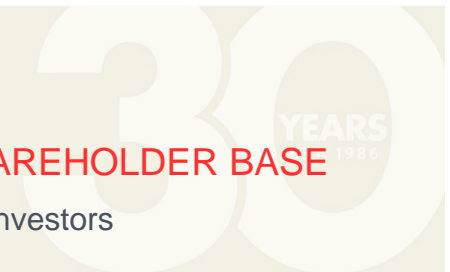
SHARE REGISTER



BROAD, SUPPORTIVE SHAREHOLDER BASE

51.1% of shares held by Top 20 investors

25+ institutions on the share register





SUCCESS THROUGH PROPERTY