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

Villa World cashes in on Donnybrook land

Leading residential property developer Villa World and its partner CVC, have sold their remaining Donnybrook land holding, executing a key strategy to optimise return on assets and improve total shareholder returns.

The Donnybrook Joint Venture (VLW 51%, CVC 49%) has entered into a conditional contract to sell its remaining parcel at 960 Donnybrook Road, after having already sold an adjoining parcel to Satterley Property Group Pty Ltd.

The site which is the subject of this sale comprises ~208 ha, with several non-residential components to be retained by Donnybrook JV. The purchaser is Blueways Group, who already hold a 52ha greenfield site in Donnybrook in partnership with prominent Melbourne developer Wolfdene.

The sale will deliver a strong, positive return for Villa World and allow the Company to focus on the delivery of its five other projects in Melbourne's growth corridors.

The sale is conditional upon approval of the Shenstone Park Precinct Structure Plan (PSP) by 30 June 2022 (expected to be achieved by early 2019), and the price of \$100 million (plus any GST) is subject to adjustment based on the final developable area.

Blueways has made upfront payments of \$4.5 million, with a further payment of \$5.5 million due on 20 December 2018. Those payments will be released to Donnybrook JV upon PSP approval. Appropriate corporate and personal guarantees have been received from Blueways.

Settlement and transfer of title will occur in four stages, with \$20 million payable 6 months after PSP approval, \$25 million payable 18 months after PSP approval, \$25 million payable 30 months after PSP approval and \$30 million payable 40 months after PSP approval.

Villa World 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."

CVC's Investment Manager, Mark Avery, added "The Donnybrook transaction is a demonstration of how CVC can partner with excellent property developers in very strategic investments. We will continue our focus on this area of the market and look forward to working in the future with Villa World on new opportunities."

Donnybrook JV acquired its 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."

Villa World has delivered profit growth in four consecutive full-year results, including a \$37.8 million net profit after tax for FY17, up 12% on the previous financial year. 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.

About Villa World

Established in 1986, Villa World is an ASX300 listed residential property developer, specialising in contemporary Australian homes and land, in master planned communities in east coast states.