

20 August 2019

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

Villa World delivers full year profit of \$23 million

Residential house and land developer Villa World's scalable business model, customer focus and strategy execution have contributed to a full year net profit after tax of \$23 million.

At the Company's annual results announcement today, Villa World Managing Director and CEO Craig Treasure said: "The FY19 financial result was solid, given the challenging residential housing market.

"A softening of consumer sentiment, continued tightening of credit and market uncertainty in the lead up to the federal election all contributed to difficult headwinds."

"We are seeing that sales enquiries have started to improve across Villa World's projects however, buyers remain cautious." Mr Treasure said.

Villa World's FY19 sales reduced to 870 lots from the record highs of the previous year.

Mr Treasure said: "Villa World's strategy of mastering the fundamentals and the on-going commitment and high performance of the Villa World team helped us navigate through current market headwinds."

The Company will carry forward 992 sales contracts, worth \$291.4 million, into FY20.

Mr Treasure said: "We continue to meet the everyday housing needs of Australians, particularly first home buyers, owner-occupiers, local investors and builders, through consistent delivery of high quality, affordably-priced, home sites and completed designer homes.

"Villa World's award-winning designs, and projects that promote healthy, active lifestyles, are set to continue attracting value-driven buyers and investors."

Flagship Queensland projects continued to make up the majority of the Company's sales for FY19, with slower growth in Victoria and New South Wales.

Positive cash flows from trading activities of \$126.3 million and headroom in the Company's debt facility provide future opportunities for astute acquisitions and strategic partnering relationships.

Following the 8.0 cents per share dividend paid in April 2019, no final FY19 dividend has been declared.

On 8 July 2019, Villa World announced that it had entered into a binding Scheme Implementation Agreement with AVID Property Group Australia Pty Limited (AVID), under which AVID would acquire all shares in Villa World for a cash price of \$2.345 per share.

The Villa World Board intends to declare a fully franked Special Dividend of 31.0 cents per share, subject to the AVID Scheme becoming effective. If declared, shareholders will receive the Special Dividend and a reduced Scheme Consideration of \$2.035 per share to form the Total Cash Consideration for the Scheme of \$2.345 per share.

It is expected that the Scheme Booklet will be dispatched to Villa World shareholders in September 2019 and shareholders will be given the opportunity to vote on the Scheme in mid-October 2019.

Mr Treasure said: "The Company will continue to focus on operational delivery and cash settlement of carried forward sales."

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