

# EQUITY & BOND OFFERING PRESENTATION

VILLA WORLD LIMITED (ASX: VLW)

ABN 38 117 546 326

22 MARCH 2017



CELEBRATING 30 YEARS  
SUCCESS THROUGH PROPERTY



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- a. a proposed offer of Villa World Bonds (Bonds) by Villa World. The Offer is being made under an Offer Specific Prospectus and Base Prospectus (together, the Offer Documents) which were lodged with ASIC on 22 March 2017. A replacement Offer Specific Prospectus, which will include the final offer size, margin and application form, is expected to be lodged with the Australian Securities and Investments Commission (ASIC) on or about 30 March 2017; and
- b. a proposed placement of new Villa World ordinary shares (New Shares) to certain professional and sophisticated investors (Placement). The Placement is being made without disclosure to investors under section 708 of the Corporations Act 2001 (Cth) (Corporations Act).

You should consider and read the Offer Documents in full (including information incorporated by reference) before deciding whether to invest in the Bonds. Offers of the Bond will be made in the Offer Documents. A copy of the Offer Documents is available at [www.villaworld.com.au/investor-centre](http://www.villaworld.com.au/investor-centre). Applications for Bonds can only be made in the relevant application form in or accompanying the replacement Offer Documents (whether paper or electronic copy).

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This Presentation is not a disclosure document under Chapter 6D of the Corporations Act or a PDS under part 7.9 of the Corporations Act and has not been lodged with ASIC.



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30  
YEARS

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# SECTION 1

Introduction



# INTRODUCTION

## Business Overview



**Villa World Limited (Villa World) (ASX: VLW) acquires, develops and markets residential land and house and land estates, across the greenfield growth corridors of east coast Australia.**

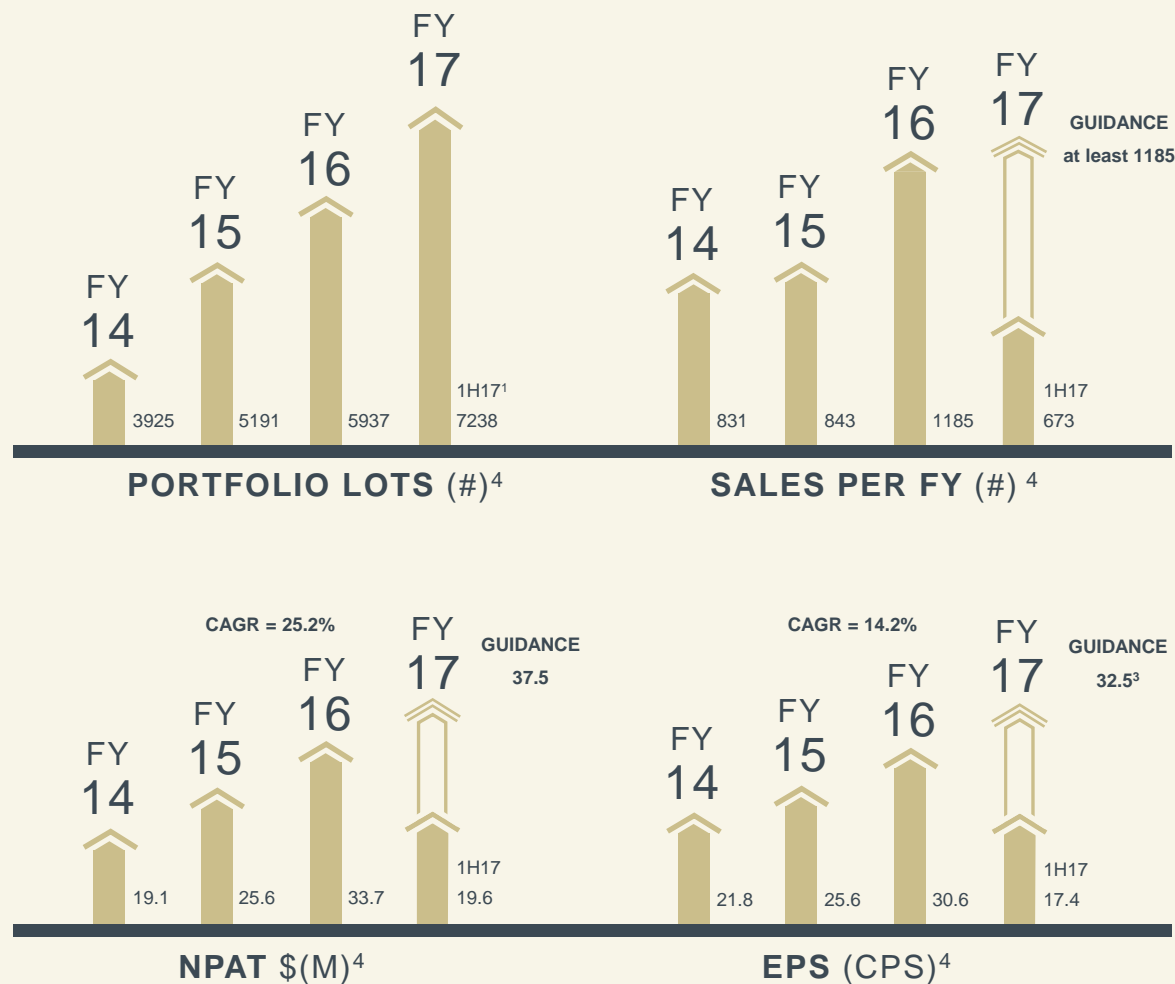
Villa World has been actively restocking since FY14.

The Villa World business has significantly grown its portfolio to 7,238 lots<sup>1</sup> (30 June 2013: 2,647 lots), and expects to achieve in excess of 1,185 sales in FY17.

Villa World's sales momentum continues, with strong demand across an increased number of projects. In 1H17, the average sales rate rose to 112 sales per month (FY16: 98.8 per month).

Villa World has provided guidance for FY17 NPAT of \$37.5m, supported by strong carried forward sales.

Villa World will have grown EPS at 14.2% CAGR over the FY14-FY17 period<sup>2</sup>.



<sup>1</sup> 6,386 lots (as at 31 December 2016) adjusted for 852 lots acquired in 2H17.

<sup>2</sup> Assumes FY17 EPS guidance of 32.5 cps.

<sup>3</sup> FY17 EPS guidance (32.5 cps) is based on NPAT guidance (\$37.5m) and weighted average shares on issues of 115.4m (assuming a Placement at \$2.25).

<sup>4</sup> Past performance is not an indication of future performance.



# INTRODUCTION

## Capital Management



- Villa World continues to focus on capital management, including the flexibility, diversity and maturity profile of funding sources.
- Villa World has in place a \$190m secured diversified debt facility<sup>1</sup> with a long term, staggered maturity profile. The ANZ facility was extended<sup>2</sup> in March 2017:
  - \$140 million ANZ facility
    - \$10 million maturing in August 2018 (unchanged)
    - \$80 million maturing in October 2020 (previously March 2019)
    - \$40 million maturing in October 2021 (previously October 2020)
    - \$10 million maturing in March 2022 (previously October 2020)
  - \$50 million Westpac facility
    - maturing in March 2019
- Headroom in the facility was \$65.1 million as at 31 December 2016.
- Debt covenants remain comfortably within limits.
- Gearing target of 15–30%.
- Dividend policy of paying out 50-75% of annual NPAT, paid semi annually.
- FY17 dividend expected to be 18.5 cents per share fully franked (1H17: 8 cps<sup>3</sup>; 2H17 expected 10.5 cps), representing a 8.2% yield<sup>4</sup>.

<sup>1</sup> Syndicated Club facility with ANZ and Westpac.

<sup>2</sup> Binding credit approved term sheet signed with ANZ on 14 March 2017, with documentation completed 21 March 2017.

<sup>3</sup> Ex-dividend date 8 March 2017.

<sup>4</sup> Based on Equity Offer price of \$2.25.





# INTRODUCTION

## Transaction Overview



30 YEARS

### Transaction Overview

- Equity Offer
  - \$20 million underwritten institutional placement of new ordinary shares at \$2.25 per share (Placement); and
  - Share Purchase Plan (SPP), capped at \$10 million, at the Placement price, to be offered to eligible shareholders (subject to scale back).
- Simple Corporate Bond (Bond Offer):
  - Offer of Series A, Tranche 1 Bonds;
  - Interest paying, unsubordinated and unsecured debt securities;
  - \$50 million offered under the simple corporate bond regime at a floating rate.
- The Equity Offer and the Bond Offer are separate transactions. Each offer is independent and is not conditional on the other occurring.

### Transaction Rationale and Use of Proceeds

- The proceeds of the Bond Offer, along with the proceeds from the Equity Offer, will be used for the acquisition of new sites that meet Villa World's investment criteria.
- The transaction gives the Company additional financial capacity to replenish and increase land stocks through strategic purchases in optimal growth corridors, resulting in a 'step change' in the business.
- The Bond Offer will have the effect of diversifying Villa World's debt capital structure and, together with the Equity Offer, support its growth objectives, yet at the same time maintaining prudent gearing levels.
- Villa World is targeting continued cumulative average EPS growth of greater than 10% p.a.<sup>1</sup>

### Acquisition Pipeline

- In 2H17, Villa World has contracted 703 lots, worth \$64.75 million; these acquisitions will be funded from existing facilities and cash flows.
- Villa World will acquire and settle another approximate 149 lots for \$10.25 million in Doolandella (SE QLD), concurrent with this transaction.

<sup>1</sup> Villa World expects to maintain FY18 EPS at the FY17 level.



# SECTION 2

## Growth Strategy





# GROWTH STRATEGY

## Portfolio and Acquisitions Strategy



# GROWTH STRATEGY

## Operational Outlook



30 YEARS

### NEW SOUTH WALES

Consistent with diversification strategy, Villa World continues to acquire well-located projects.

Intention to grow predominantly through partnering and capital efficient structures.

Civil construction has commenced at Allure (NW Sydney), with first house and land settlements expected in 2H18. Nearby site purchased in 2H17<sup>1</sup>.

Housing construction has commenced at Harmony and Concourse (SW Sydney); sales to commence upon completion of construction with first house and land settlements expected in 2H17.

### QUEENSLAND

Strong sales across all active projects in SE-QLD and Hervey Bay in 1H17, benefitting from positive economic conditions and jobs growth. Median house price in Sydney is now double that of Brisbane – expected to result in increased interstate migration.

New flagship projects to be released in FY17 (Seascope, Arundel Springs and Killara), with first settlements anticipated in 2H17.

Anticipate growth in volumes and prices into FY18.

Acquisition of 750 lots (50% share) in Greenbank adds to strong pipeline of future projects – first settlements expected in 2H18.

234 lots purchased in key growth corridors (Hope Island and Doolandella) in 2H17<sup>1</sup>.

### VICTORIA

Positive residential market conditions continue, benefitting from very strong population and jobs growth.

High level of sales and settlements across land, and house and land product, with strong carried forward sales at Cardinia Views and Sienna. Market conditions anticipated to remain strong going into FY18.

Consistent with diversification strategy, in 1H17 Villa World acquired projects in N and NE Melbourne.

Projects replacing Cardinia Views and Sienna contracted in 2H17 – 414 lots in Clyde, SE Melbourne and 169 lots in Plumpton, NW Melbourne<sup>1</sup>. Intention to continue to grow through targeted acquisitions.

<sup>1</sup> Refer slide 12

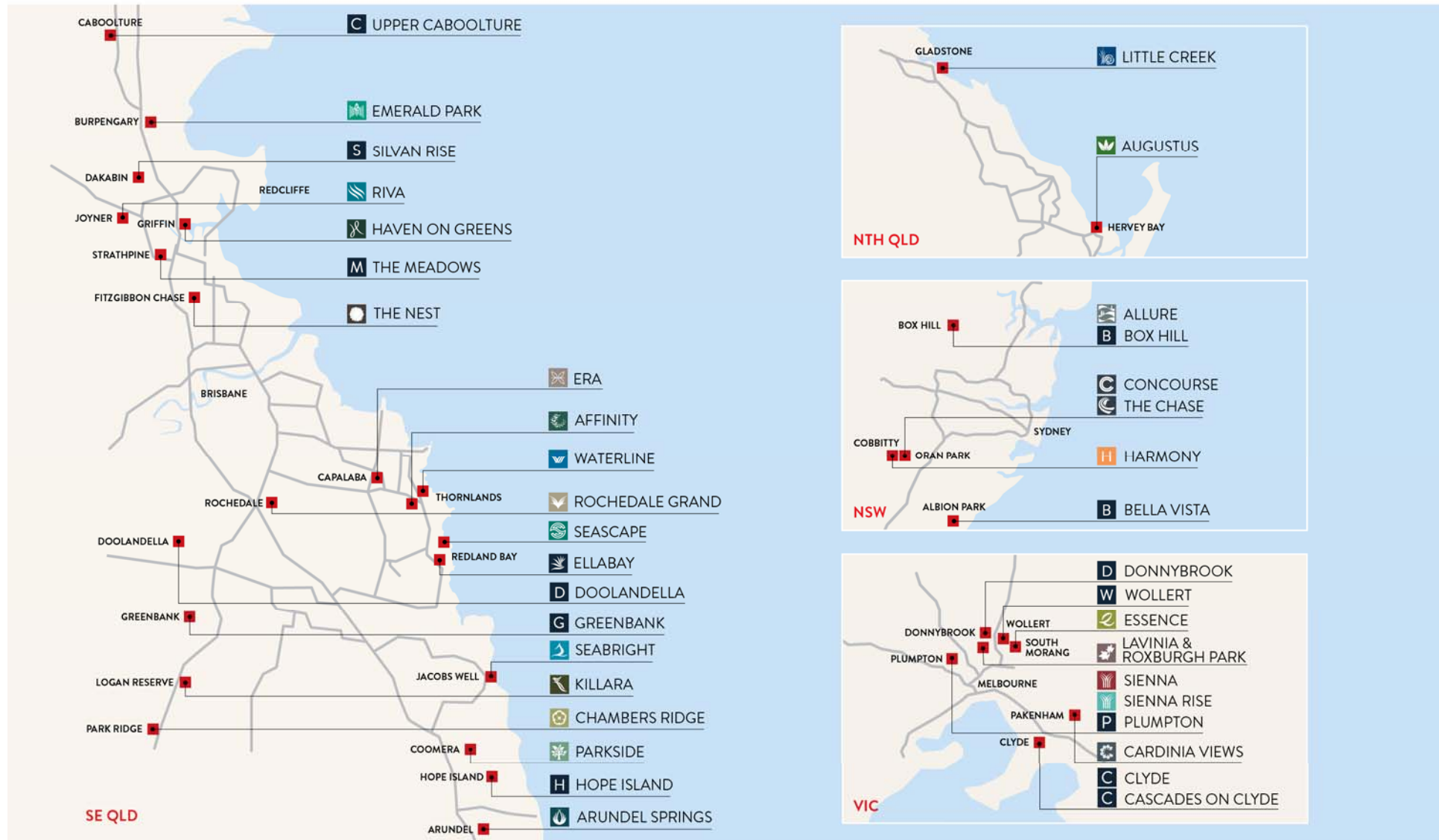


# GROWTH STRATEGY

## Growth Pipeline



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# GROWTH STRATEGY

Acquisition success – growing property portfolio



30 YEARS

Project Name	Location	State	Region	Product	# Lots	Purchase Price (\$m)
<b>Total Acquisitions for FY14</b>					<b>1332</b>	
<b>Total Acquisitions FY15</b>					<b>2769</b>	
<b>Total Acquisitions FY16</b>					<b>2139</b>	
Harmony (capital lite)	Cobbitty	NSW	SW Sydney	H&L	10	\$4.0m
Concourse (capital lite)	Oran Park	NSW	SW Sydney	H&L	28	\$8.8m
The Chase (development agreement) <sup>(i)</sup>	Oran Park	NSW	SW Sydney	H&L	93	tba
Silvan Rise	Dakabin	QLD	N-Brisbane	H&L	108	\$7.0m
Chambers Ridge (adjoining site)	Park Ridge	QLD	Logan	H&L	140	\$7.3m
[], Greenbank (50% share)	Greenbank	QLD	Logan	H&L	750	\$27.5m
Essence, South Morang	South Morang	VIC	NE-Melbourne	TH	60	\$4.4m
[], Wollert	Wollert	VIC	N-Melbourne	LO	166	\$7.7m
Bella Vista Estate	Albion Park	NSW	Illawarra	LO	87	\$14.3m (inc GST)
Emerald Park	Burpengary	QLD	N-Brisbane	H&L	54	\$8.4m
<b>1H17 Acquisitions</b>					<b>1496</b>	
[], Hope Island	Hope Island	QLD	Gold Coast	H&L	85	\$10.75m
[], Box Hill	Box Hill	NSW	NW Sydney	H&L	35	\$7.5m
[], Clyde <sup>(ii)</sup>	Clyde	VIC	SE Melbourne	LO	414	\$33m
[], Plumpton <sup>(iii)</sup>	Plumpton	VIC	NW Melbourne	H&L	169	\$13.5m
[], Doolandella <sup>(iv)</sup>	Doolandella	QLD	Logan	H&L	149	\$10.25m
<b>2H17 Acquisitions (YTD 22 Mar 17)</b>					<b>852</b>	
<b>Total Acquisitions FY17 (YTD 22 Mar 17)</b>					<b>2348</b>	
(i) Announced on 17 August 2016. Commercial terms agreed and development application lodged for initial ~90 lots, subject to finalising formal documentation and satisfaction of conditions.						
(ii) Announced on 6 March 2017.						
(iii) Subject to Precinct Structure Plan.						
(iv) To become unconditional concurrent with this transaction.						

Details of some of Villa World's recent acquisitions are contained in the Appendix 3 on slides 45 – 53.



# GROWTH STRATEGY

## Growth Overview



30 YEARS

### Growth Strategy

Villa World continues to achieve its growth strategy:

- Holding a portfolio of 7,238 lots<sup>1</sup>, and is targeting a portfolio of 5-6 years of supply.
- Continually assessing different acquisition opportunities, at different stages of the acquisition process. Funds from the Equity Offer and the Bond Offer will increase its capacity to invest in value accretive acquisitions.
- Seeking to grow New South Wales predominantly through partnering, replenish Queensland and grow Victoria.
- Shifting its portfolio towards its target of NSW 20% / QLD 40% / VIC 40% geographical mix as cycles, markets and opportunities allow - 4% / 66% / 30% respectively<sup>2</sup>.
- Acquired 852 lots in 2H17 and 2348 lots in FY17 year to date.
- Acquisitions are diversified by product type, price point and geography.

### Gearing

Gearing target of 15-30%.

At 31 December 2016 – gearing was 23%, with headroom in the bank facility of \$65.1 million and cash of \$14.1 million.

### EPS

Villa World expects to maintain FY18 EPS at the FY17 level.

Villa World is targeting continued cumulative average EPS growth of greater than 10% p.a.

### Dividend

Villa World's dividend policy is to pay out 50-75% of annual NPAT, paid semi annually.

The FY17 dividend expected to be 18.5 cents per share fully franked (1H17: 8cps<sup>3</sup>; 2H17 expected 10.5 cps), representing an 8.2% yield<sup>4</sup>.

Villa World expects to maintain the FY18 dividend at least at the FY17 level.

<sup>1,2</sup> Portfolio as at 1H17 adjusted for 2H17 acquisitions (refer Appendix 3 on slide 45); <sup>3</sup> Ex-dividend date 8 March 2017; <sup>4</sup> Based on Equity Offer price of \$2.25.





# SECTION 3

Outlook





# OUTLOOK

## Market Conditions



### NATIONAL



1.5%



1.3%



1.8%



1.4%



5.6%

### QLD



6.0%



1.6%



\$20,000

### NSW



5.0%



1.7%



\$10,000

### VIC



5.9%



2.1%



\$10,000<sup>5</sup>

Key drivers remain in place:

- First home buyer grants
- Interest rates
- Consumer confidence, driven by employment

Source:

<sup>1</sup>National Statistics - RBA snapshot (updated 7 December 2016)

<sup>2</sup>State Unemployment Rates - Queensland Treasury, Labour Force, December 2016 (based on ABS 6202.0, released 19 January 2017)

<sup>3</sup>State Population Growth - Regional Population Growth, 2014-2015 (based on ABS 3218.0, released 30 March 2016)

<sup>4</sup>FHB Grants - Queensland Treasury, Office of State Revenue New South Wales, State Revenue Office Victoria

<sup>5</sup> The Victorian government announced changes to regional FHB Grants (doubled to \$20,000), and stamp duty rules for FHB's (abolished under \$600,000) on 5 March 2017.



# OUTLOOK

## FY17 Outlook



30 YEARS

### FY17 GUIDANCE

Full year guidance of \$37.5 million, representing NPAT growth of 11% (FY16: \$33.7 million).

EPS of 32.5 cps<sup>1</sup> (FY16: 30.6 cps).

Guidance based on:

- Strong carried forward sales of \$191.6 million (554 lots), with 86% of contracts (479 lots valued at \$161.0 million) expected to settle in 2H17.
- Strong 1H17 sales, averaging 112 per month. With projects at various points in the life cycle selling during the remainder of FY17, Villa World expects to better its FY16 sales performance of 1,185 sales.
- Development program on track, with disciplined project execution and delivery.
- Joint ventures to contribute \$3.4 million (comprising development fees and share of profit) – strong ROI.

### STRATEGIC RESTOCKING TO BUILD MEDIUM TERM EARNINGS PROFILE

- Replenish the medium term pipeline to maintain 5-6 years sales. Focus on east coast growth corridors.
- Targeting NSW 20% / QLD 40% / VIC 40% geographical mix as cycles, markets and opportunities allow.
- Upon successful completion<sup>2</sup> of the Equity Offer and Bond Offer, the expected cash outflow for acquisitions in FY17 is \$100 - 120 million plus \$40 million in capital lite.

### CONTINUED SHAREHOLDER RETURNS

- FY17 dividend expected to be 18.5 cents per share fully franked (1H17: 8cps<sup>3</sup>; 2H17 expected 10.5 cps), representing a 8.2% yield<sup>4</sup>.
- Dividend policy of paying out 50-75% of annual NPAT, paid semi annually.

<sup>1</sup> EPS guidance based on NPAT guidance of \$37.5m, and weighted average shares on issue of 115.4 million, assuming a Placement at \$2.25.

<sup>2</sup> Based on value accretive acquisitions projects being currently assessed and expected to be unconditional, and paid or part settled in FY17.

<sup>3</sup> Ex-dividend date 8 March 2017.

<sup>4</sup> Based on Equity Offer price of \$2.25.



# SECTION 4

Equity Offer





# OVERVIEW OF THE EQUITY OFFER



<b>Issuer</b>	<ul style="list-style-type: none"> <li>Villa World Limited ABN 38 117 546 326 (Villa World) (ASX: VLW)</li> </ul>
<b>Equity Offer Size and Structure</b>	<ul style="list-style-type: none"> <li>\$20 million underwritten<sup>1</sup> institutional placement of new ordinary shares at \$2.25 per share (Placement).</li> <li>Share Purchase Plan (SPP), capped at \$10m, at the Placement price, to be offered to eligible shareholders (subject to scale back in Villa World's absolute discretion)<sup>2</sup>.</li> <li>New shares issued via the Placement and SPP will rank equally with existing Villa World shares on date of issue, other than in respect of the dividend payable on 31 March 2017 (record date 8 March 2017).</li> </ul>
<b>Transaction Rationale and Use of Proceeds</b>	<ul style="list-style-type: none"> <li>The proceeds of the Equity Offer, along with the proceeds from the Bond Offer, will be used for the acquisition of new sites that meet Villa World's investment criteria.</li> <li>The transaction gives the Company additional financial capacity to replenish and increase land stocks through strategic purchases in optimal growth corridors, resulting in a 'step change' in the business.</li> <li>Villa World is targeting continued cumulative average EPS growth of greater than 10% p.a.<sup>3</sup>.</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>5.5% discount to Villa World's last closing price on 20 March 2017</li> <li>6.6% discount to the volume weighted average price for the 5 trading days to (and including) 20 March 2017.</li> </ul>
<b>Pro-forma Financials</b>	<ul style="list-style-type: none"> <li>Following the Placement, pro-forma NTA per share of \$2.20 (1H17: \$2.20) and Gearing<sup>4</sup> of 18% (1H17: 23.0%)</li> <li>Following the Placement and the Bond Offer, pro-forma NTA per share of \$2.20 (1H17: \$2.20) and Gearing<sup>4</sup> of 18% (1H17: 23.0%).</li> </ul>

<sup>1</sup> The Placement is fully underwritten by Morgans.

<sup>2</sup> Further information regarding the SPP is expected to be mailed to eligible shareholders on or around 29 March 2017.

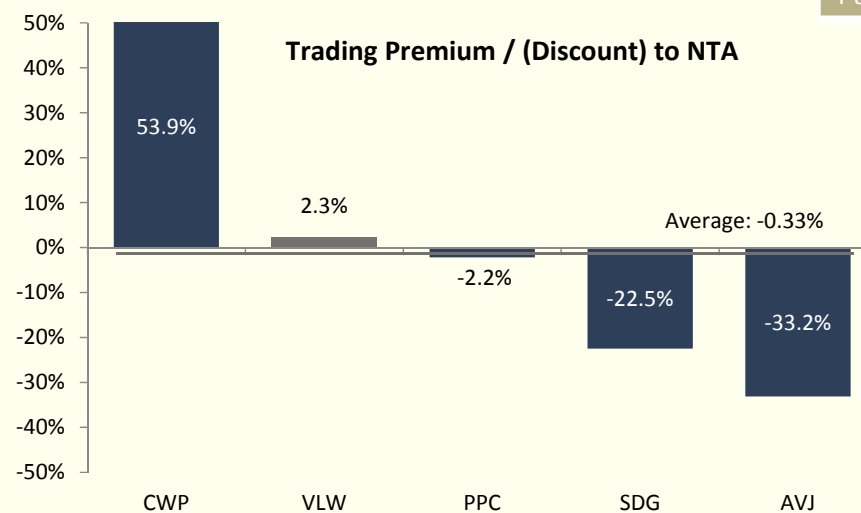
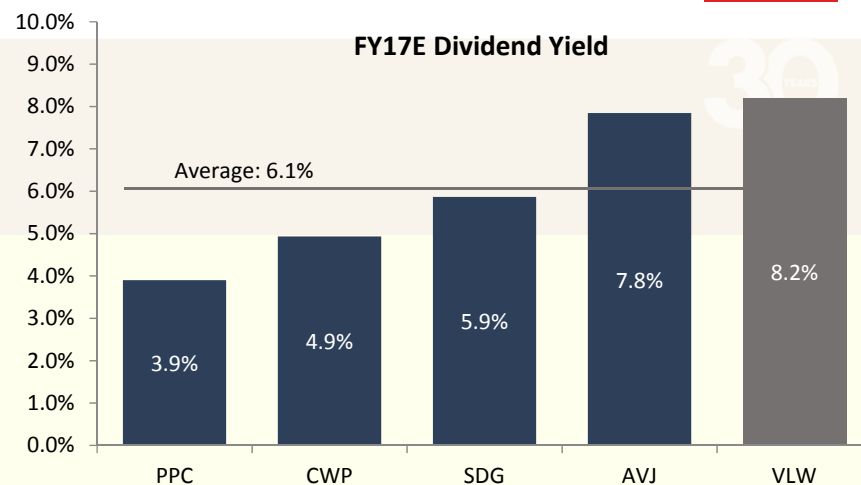
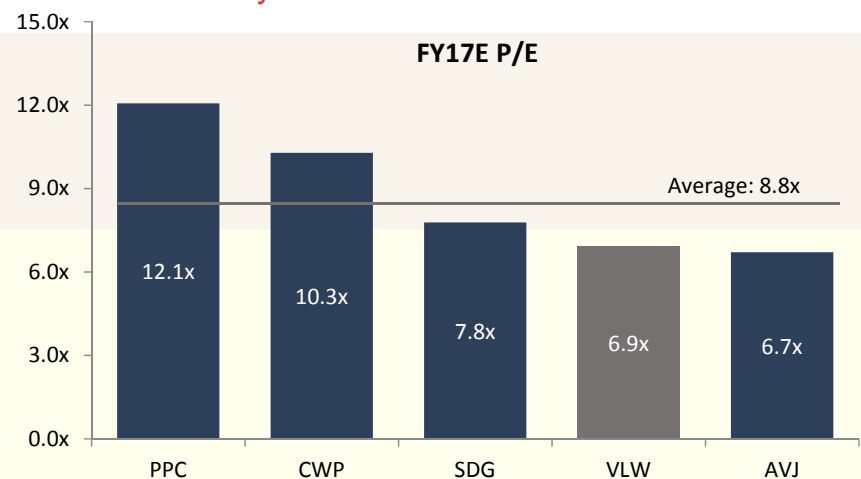
<sup>3</sup> Villa World expects to maintain FY18 EPS at the FY17 level.

<sup>4</sup> Refer to Reported Gearing Ratio on slide 29.

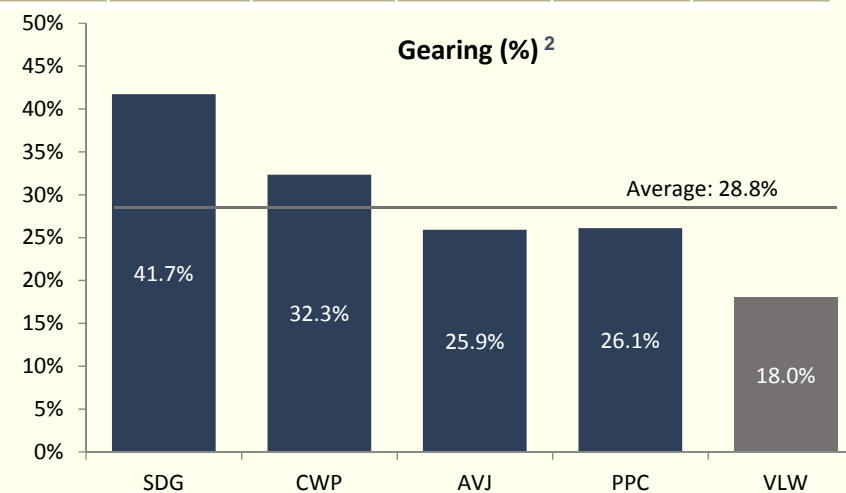


# EQUITY OFFER SUMMARY

Villa World – Key Metrics Vs Peers<sup>1</sup>



Payout Ratio	47%	51%	46%	56%	53%
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Source: Morgans

1. VLW financial metrics are based on the Placement offer price of \$2.25/share; Financial metrics for SDG, AVJ, PPC and CWP are based on consensus broker forecasts; Market Data as of 20 March 2017

2. Gearing is calculated as interest bearing liabilities minus cash divided by total assets minus cash



# EQUITY OFFER SUMMARY

## Key Dates of the Equity Offer



SPP record date	Tuesday, 21 March 2017
ASX trading halt	Tuesday, 21 March 2017, pre market open
Placement offer opens	Wednesday, 22 March 2017
Placement offer closes	Wednesday, 22 March 2017
Recommencement of trading on ASX	Thursday, 23 March 2017, pre market open
Settlement of Placement shares	Tuesday, 28 March 2017
Allotment and trading of Placement shares	Wednesday, 29 March 2017
SPP Opening Date	Wednesday, 29 March 2017
SPP Closing Date	Thursday, 20 April 2017
Allotment of SPP shares	Friday, 28 April 2017

Times refer to Sydney time. The Company reserves the right to vary the timetable (subject to ASX Listing Rules, the Corporations Act and other applicable laws).





# SECTION 5

Bond Offer



# OVERVIEW OF THE BOND OFFER



<b>Issuer</b>	<ul style="list-style-type: none"> <li>Villa World Limited ABN 38 117 546 326 (Villa World)</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>Villa World Bonds – Series A, Tranche 1 (Bonds) are Interest paying, unsubordinated and unsecured debt securities</li> <li>The Bonds are being offered under the simple corporate bond regime in the Corporations Act</li> <li>The payment obligations of the Issuer under the Bonds are guaranteed by certain wholly owned Subsidiaries of Villa World</li> </ul>
<b>Bond Offer Size</b>	<ul style="list-style-type: none"> <li>\$50 million</li> </ul>
<b>Transaction Rationale and Use of Proceeds</b>	<ul style="list-style-type: none"> <li>The proceeds of the Bond Offer, along with the proceeds from the Equity Offer, will be used for the acquisition of new sites that meet Villa World's investment criteria.</li> <li>The transaction gives the Company additional financial capacity to replenish and increase land stocks through strategic purchases in optimal growth corridors, resulting in a 'step change' in the business.</li> <li>The Bond Offer will have the effect of diversifying Villa World's debt capital structure and, together with the Equity Offer, support its growth objectives, yet at the same time maintaining prudent gearing levels.</li> <li>Villa World is targeting continued cumulative average EPS growth of greater than 10% p.a.<sup>1</sup></li> </ul>
<b>Offer Structure</b>	<ul style="list-style-type: none"> <li>Broker Firm Offer</li> <li>Institutional Offer</li> </ul>
<b>Arranger</b>	<ul style="list-style-type: none"> <li>ANZ Securities Limited</li> </ul>
<b>Joint Lead Managers</b>	<ul style="list-style-type: none"> <li>ANZ Securities Limited, Evans and Partners Pty Ltd and Morgans Financial Limited</li> </ul>
<b>Listing</b>	<ul style="list-style-type: none"> <li>Application has been made for the Bonds to be quoted on ASX under the code "VLWHA"</li> </ul>

<sup>1</sup>Villa World expects to maintain FY18 EPS at the FY17 level.



# BOND OFFER SUMMARY

## Key Terms and Conditions



<b>Issuer</b>	<ul style="list-style-type: none"> <li>Villa World Limited ABN 38 117 546 326 (Villa World)</li> </ul>
<b>Series</b>	<ul style="list-style-type: none"> <li>Series A – Tranche 1</li> </ul>
<b>Villa World Bonds – Series A, Tranche 1</b>	<ul style="list-style-type: none"> <li>Bonds are Interest paying, unsubordinated and unsecured debt obligations issued by Villa World</li> <li>Each Bond is issued on and subject to the provisions of the Trust Deed and the Terms</li> </ul>
<b>Offer Size</b>	<ul style="list-style-type: none"> <li>\$50 million</li> </ul>
<b>Face Value/Issue Price</b>	<ul style="list-style-type: none"> <li>The Face Value and Issue Price is \$100 per Bond</li> </ul>
<b>Terms</b>	<ul style="list-style-type: none"> <li>5 years</li> </ul>
<b>Maturity Date</b>	<ul style="list-style-type: none"> <li>21 April 2022 (unless Redeemed early)</li> </ul>
<b>Guarantee</b>	<ul style="list-style-type: none"> <li>The payment obligations of Villa World under the Bonds are guaranteed by certain wholly owned subsidiaries of Villa World</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Floating Interest Rate</li> <li>The Interest Rate is the sum of the Market Rate plus the Margin</li> </ul>
<b>Margin</b>	<ul style="list-style-type: none"> <li>The Margin is expected to be in the range of 4.75% - 5.00% per annum</li> <li>The Margin will be determined by Villa World following the completion of the Bookbuild</li> </ul>
<b>Interest Payment Dates</b>	<ul style="list-style-type: none"> <li>The first Interest Payment Date will be 21 July 2017. Interest will be paid quarterly in arrear on the following dates in each year as well as on the Maturity Date, or any earlier Redemption Date:                             <ul style="list-style-type: none"> <li>– 21 July, 21 October, 21 January, and 21 April</li> </ul> </li> <li>If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day and Interest will continue to accrue until that date</li> </ul>
<b>Early Redemption</b>	<ul style="list-style-type: none"> <li>Villa World will only have the right (but not the obligation) to Redeem all (but not some) of the Bonds prior to the Maturity Date following the occurrence of a Tax Event or a Change of Control Event or when a Clean Up Condition subsists. Villa World or any member of the Group may also at any time repurchase Bonds and cancel those repurchased Bonds at Villa World's sole discretion.</li> </ul>
<b>Early Redemption rights of Holders</b>	<ul style="list-style-type: none"> <li>Holders of Bonds will only have the right to require Redemption prior to the Maturity Date following the occurrence of a Change of Control Event (which requires a Holder Resolution to be passed in favour of Redemption)</li> </ul>





# BOND OFFER SUMMARY

## Key Terms and Conditions



<b>Negative pledge</b>	<ul style="list-style-type: none"> <li>• So long as any of the Bonds remain outstanding, Villa World will not, and will ensure that no Guarantor will, create or permit to subsist any Security Interest other than a Permitted Security Interest</li> <li>• "Permitted Security Interest" means a Security Interest granted in connection with any Relevant Indebtedness, provided that after giving pro-forma effect to the incurrence of such Relevant Indebtedness based on the consolidated financial statements of the Group and the application of the proceeds thereof, the Villa World Secured Gearing Ratio would not be greater than 40%</li> </ul>
<b>Limitation on debt incurrence covenant</b>	<ul style="list-style-type: none"> <li>• So long as any of the Bonds remain outstanding, Villa World will not incur, and will ensure that no Guarantor incurs, any Financial Indebtedness on or after the Issue Date if the incurrence of such Financial Indebtedness would result in the Gearing Ratio being greater than 50%.</li> </ul>
<b>Ranking in a winding up</b>	<ul style="list-style-type: none"> <li>• A Holder's claim will rank equally with claims of all other unsubordinated and unsecured creditors but will rank behind secured creditors and any obligations preferred by mandatory provisions of applicable law, including employee entitlements. Villa World and the Guarantors have secured debt obligations, including to Australia and New Zealand Banking Group Limited (ANZ), which will rank ahead of Villa World's and the Guarantors' obligations to Holders in a winding up. ANZ Securities Limited, the Arranger, is a wholly-owned subsidiary of ANZ.</li> <li>• A Holder's claim will rank ahead of all holders of subordinated instruments and common equity in Villa World.</li> </ul>
<b>Events of default</b>	<ul style="list-style-type: none"> <li>• Events of Default will include: <ul style="list-style-type: none"> <li>– Villa World fails to pay within 10 Business Days after the due date any amount payable by it (interest or principal) under any Bond.</li> <li>– Villa World fails to comply with any of its other material obligations under the terms of the Bonds or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after Villa World has received written notice from the Trustee in respect of the failure.</li> <li>– Any Financial Indebtedness greater than A\$5 million (or its equivalent in any other currency) of any member of the Group becomes due and payable before its stated maturity date due to the occurrence of a default under that Financial Indebtedness. This Event of Default does not apply to any members of the Group that are joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice.</li> <li>– An Insolvency Event occurs in respect of Villa World. This Event of Default is not triggered by an Insolvency Event in respect of any member of the Group, other than an Insolvency Event in respect of Villa World.</li> <li>– The Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect.</li> <li>– All or any rights or obligations of Villa World, Holders or the Trustee under the Trust Deed or terms of the Bonds are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.</li> <li>– It is at any time unlawful for Villa World to perform any of its payment obligations under the Bonds.</li> </ul> </li> </ul>
<b>Minimum application</b>	<ul style="list-style-type: none"> <li>• 50 Bonds for applicants under the Institutional Offer and Broker Firm Offer (\$5,000).</li> </ul>
<b>Fees and charges</b>	<ul style="list-style-type: none"> <li>• No fees, charges, brokerage, commission or stamp duty is payable by you on your application for the Bonds. You may be required to pay brokerage if you sell your Bonds after the Bonds are quoted on ASX.</li> </ul>
<b>Listing</b>	<ul style="list-style-type: none"> <li>• Villa World will apply for the quotation of the Bonds on ASX. It is expected that the Bonds will be quoted under the code "VLWHA".</li> </ul>
<b>Selling restrictions</b>	<ul style="list-style-type: none"> <li>• The Bonds will only be offered in Australia.</li> </ul>



# BOND OFFER SUMMARY

## Ranking of Villa World Bonds



Illustration of ranking upon winding up of Villa World

Ranking	Type of instrument	Existing debt obligations and equity	Amount drawn at 31 December 2016 Pro Forma
<div style="text-align: center;"> <p>Highest ranking</p> <p>Lowest ranking</p> </div>	Secured Debt <sup>1</sup>	Bank Facilities	\$124.9 m <sup>2</sup>
	Unsubordinated and unsecured debt	Villa World Bonds	\$50.0 m <sup>3</sup>
	Subordinated, unsecured debt and hybrid instruments	None	None
	Ordinary equity	Contributed equity, reserves, retained profits	\$269.2 m <sup>4</sup>

<sup>1</sup> The secured debt is owed to two Australian banks, including ANZ. This debt matures before the maturity date of the Bonds and may or may not be refinanced by those banks. ANZ's role as a lender to Villa World could give rise to potential conflicts of interest between ANZ and its affiliates and the Holders. Neither ANZ nor any other financier to Villa World has any obligation to take into account the interests of Holders when making decisions in their role as creditors (including when negotiating the terms of any such refinancing, or whether to refinance at all). If the secured debt is not refinanced, Villa World's financial condition may change adversely, which may impact Villa World's ability to meet its obligations under the Bonds. In its role as a creditor, ANZ will have access to information about, and analysis on, Villa World, but ANZ is under no obligation to (and will not) provide such information and analysis to Holders during the term of the Villa World Bonds.

<sup>2</sup> Consists of borrowings (per 31 December 2016 balance sheet) of \$111.1 million and bank guarantees (per C3 Borrowings note to 1H17 financial statements) of \$13.8 million, totalling \$124.9 million

<sup>3</sup> Pro forma - adjusted for the gross amount to be raised under the Bond Offer (\$50 million), pre-costs.

<sup>4</sup> Pro forma - adjusted for the net amount to be raised under the Placement (\$20 million net of \$0.5 million in costs).

Other relevant Financial Ratios as at	30 June 2015	30 June 2016	31 December 2016	31 December 2016 Pro Forma
Reported Gearing Ratio / Gearing Ratio under the Terms	17%	26%	23%	18%
Secured Gearing Ratio	17%	26%	23%	7%
Reported Interest Cover Ratio	4.0x	6.1x	8.1x	8.1x



# BOND OFFER SUMMARY

## Key Dates of the Bond Offer



Lodgement of the Base Prospectus and Offer Specific Prospectus with ASIC	22 March 2017
Bookbuild to determine Interest Rate and Allocations to Syndicate Brokers and Institutional Investors	29 March 2017
Opening Date for the Offer and lodgement of the replacement Offer Specific Prospectus with ASIC	30 March 2017
Closing Date for the Broker Firm Offer (10.00 am Sydney time)	20 April 2017
Issue Date	21 April 2017
Bonds commence trading on ASX on deferred settlement basis	24 April 2017
Holding Statements despatched by the Registry	26 April 2017
Bonds commence trading on ASX on normal settlement basis	27 April 2017
<b>Key dates for the Bonds</b>	
First Interest Payment Date <sup>1</sup>	21 July 2017
Maturity Date	21 April 2022

Note: Times refer to Sydney time. The Company reserves the right to vary the timetable without notice (subject to ASX Listing Rules, the Corporations Act and other applicable laws).

<sup>1</sup> Interest is scheduled to be paid quarterly on the Interest Payment Dates, until the Maturity Date or any earlier Redemption Date. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day.





# BOND OFFER SUMMARY

## Key Contacts



Name	Title	Phone	Email
<b>Issuer - Villa World Limited</b>			
Paulene Henderson	Chief Financial Officer	+61 7 5588 8894	phenderson@villaworld.com.au
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<b>Arranger and Joint Lead Manager – ANZ Securities</b>			
Tariq Holdich	Director, Hybrid and Listed Capital	+61 2 8037 0622	Tariq.holdich@anz.com
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<b>Joint Lead Manager – Evans and Partners</b>			
Scott Favaloro	Senior Corporate Advisor	+61 3 9631 9877	sfavaloro@eandp.com.au
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<b>Joint Lead Manager – Morgans</b>			
Steven Wright	Director, Fixed Interest and Wealth Products	+61 7 3334 4941	steven.wright@morgans.com.au
Philip Lee	Executive Director - Corporate	+61 7 3334 4864	philip.lee@morgans.com.au



# SECTION 6

## Pro-Forma Financials



# PRO-FORMA FINANCIALS

## Pro Forma Balance Sheet



Balance Sheet	1HY17 (\$m)	Transaction adjustments <sup>1</sup>	1HY17 pro-forma (post Placement) (\$m)	Transaction adjustments <sup>2</sup>	1HY17 pro-forma (post Placement and Bond Offer) (\$m)
<b>Assets</b>					
Cash	14.1	19.5	33.6	48.5	82.1
Receivables	52.0	-	52.0	-	52.0
Inventories	342.9	-	342.9	-	342.9
Investments accounted for using the equity method	22.8	-	22.8	-	22.8
Other	4.8	-	4.8	-	4.8
<b>Total Assets</b>	<b>436.6</b>	<b>19.5</b>	<b>456.1</b>	<b>48.5</b>	<b>504.6</b>
<b>Liabilities</b>					
Trade and other payables	35.4	-	35.4	-	35.4
Land Acquisitions	26.2	-	26.2	-	26.2
Interest bearing liabilities	111.1	-	111.1	48.5	159.6
Other	14.1	-	14.1	-	14.1
<b>Total Liabilities</b>	<b>186.8</b>	<b>-</b>	<b>186.8</b>	<b>48.5</b>	<b>235.3</b>
<b>Net Assets</b>	<b>249.8</b>	<b>19.5</b>	<b>269.2</b>	<b>-</b>	<b>269.2</b>
<b>Securities on Issue</b>	<b>113,594,277</b>	<b>8,888,889</b>	<b>122,483,166</b>	<b>-</b>	<b>122,483,166</b>
<b>NTA (book value)(\$ / Share)</b>	<b>2.20</b>		<b>2.20</b>		<b>2.20</b>
Net Debt	97.0		77.6		77.6
Net Debt : Equity (%)	39%		29%		29%
Reported Gearing Ratio <sup>3</sup>	23%		18%		18%
Look Through Gearing <sup>4</sup>	23%		19%		19%

<sup>1</sup> Assumes an underwritten \$20m placement (net of costs). The SPP has not been included as it is not underwritten and amounts to be raised under the SPP are uncertain as at the date of this presentation.

<sup>2</sup> Assumes a \$50m Bond issue (net of costs).

<sup>3</sup> Reported Gearing Ratio = (interest bearing liabilities - cash) / (total assets - cash)

<sup>4</sup> Gearing when joint ventures are proportionally consolidated.





# SECTION 7

## Key Risks



# KEY RISKS

## Key risks associated with Villa World



There are various risks associated with investing in Villa World, as with any stock market investment. Potential investors should consider whether the securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in this presentation. Villa World has implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

While some common risk factors are set out below, it is not possible to produce an exhaustive list. The Villa World directors recommend that potential investors consult their professional advisers before making any investment decisions.

### **Residential property market conditions**

Villa World's revenues are closely tied to the future value and sale of residential lots (either land only, or house and land). Should the future market value and/or sales volumes be lower than expected, Villa World's earnings and returns to investors could be negatively impacted.

General and specific market conditions among other things, also have an impact on the rate of contract terminations. A significant number of contracts for the sale of residential lots are entered into on a 'conditional' basis (e.g. subject to finance or subject to the sale the buyer's existing property). Should market conditions deteriorate, the level of terminations may increase.

Property market conditions have a significant impact on the ability of investor buyers, both domestically and internationally, to complete sales contracts. Villa World's residential lots are sold predominantly to domestic buyers, with minimal exposure to foreign buyers.

### **Property Values**

Unanticipated factors can influence the realisable value of the Group's property and property-related assets. These include:

- the profit and risk factors, including discount rates applied, that are considered appropriate by professional valuers, for any properties held by Villa World, in response to changes in market conditions;
- changes in the conditions of town planning consents applicable to Villa World's projects, as a consequence of changes to council policies;
- development cost increases including, but not limited to, construction, consultants, imposition of taxes and increases to State and Local Government charges will reduce the profitability of Villa World;
- the presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects;
- the activities of lobby groups;
- general cost increases;
- archaeological or ethnographic claims, including native title claims; and
- land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid, if any.

### **Interest rates and bank lending criteria**

Increases in interest rates and/or the tightening of lending criteria for the provision of mortgage financing could have the effect of reducing the affordability and availability of funding for buyers, therefore reducing demand and the number of lot sales made by Villa World. Interest rates also impact Villa World's costs of funds.

### **Regulatory review of banks**

The ongoing potential for formal regulatory reviews of banks (whether by Government or ASIC) coupled with increased APRA focus may result in banks tightening lending criteria and/or increasing the costs of funding.

### **Apartment market**

There is a risk that at any point in time there may be an over-supply of apartment product across Australian markets. Villa World's projects include a limited number of low-rise townhouse complexes, but it has no exposure to medium-rise product or high-rise towers. However, it's possible that an oversupply in the apartment market may affect overall sentiment towards the residential market as a whole.

### **Sales prices**

Lower than expected sales prices across Villa World's portfolio of projects would generally result in lower profits by reducing the settlement revenue from the Development business and the fee income from the joint venture businesses.

### **Inflation and construction costs**

Higher than expected inflation rates generally, or specific to the broadacre, residential development industry, could be expected to increase operating costs and development costs and potentially reduce the value of the Group's land. Additionally, there may be upward pressure on the costs of materials and labour required for housing construction. These cost increases may be offset by increased selling prices, although there can be no certainty that increased selling prices will be achieved.

### **Availability of funding and refinancing risk**

Villa World's business is capital intensive. Villa World's ability to raise funds on favourable terms for future refinancing, development and acquisitions depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of Villa World's business. These factors could increase the cost of funding, or reduce the availability of funding, as well as increase Villa World's refinancing risk for maturing debt facilities.





# KEY RISKS

## Key risks associated with Villa World (continued)



Villa World has existing debt facilities with a staggered maturity. Villa World's ability to refinance its debt facilities as they fall due, and on terms and conditions that are suitable to it and allow it to seek to implement its strategies, will depend upon market conditions, Villa World's operating performance and the policies of its financiers. If the debt facilities are not refinanced and need to be repaid, it is possible that Villa World will need to realise assets for less than their fair value, which would impact future cash flows and profits. If debt facilities are refinanced on terms that are not conducive to Villa World implementing its strategies, Villa World may be required to amend, or hold off on the implementation of, its strategies in the short-term until suitable debt facility terms and conditions can be sourced.

### **Rezoning and planning approval delays**

The sale of lots in Villa World's residential projects depends on obtaining planning and works approvals (and in some cases rezoning approvals). If these approvals take longer than expected, are not obtained, or are obtained subject to conditions which are more onerous than expected, Villa World's sales volumes and profitability could be negatively impacted. Where Villa World enters into acquisition or development arrangements with land owners who are responsible for carrying out civil works and delivering developed land, delays on the part of those land owners in delivering the land (whether due to delays in obtaining approvals or for other reasons) could adversely impact Villa World's returns from those projects.

### **Changes in Government policy**

Changes in government policy (including fiscal, monetary and regulatory policies at federal, state and local levels), including policies on government land development, public housing, immigration and first homebuyer assistance and delays in the granting of approvals or the registration of subdivision plans may affect the amount and timing of Villa World's future profits. State government and/or council development contributions may be introduced or increased in jurisdictions, impacting land values and the profitability of projects.

### **Breach of financial covenants**

As at the date of this Presentation, Villa World was in compliance with all covenants under its debt facilities. The financial covenants in Villa World's debt facilities relate to Villa World's earnings, cash flow and asset values, and a material movement in any of these may cause covenants under Villa World's debt facilities to be breached. If a breach occurs, this is likely to have negative consequences for Villa World, including the possibility of early repayment of drawn debt. Property assets are by their nature illiquid investments. This may make it difficult to sell assets quickly to repay debt.

### **Capital efficient structure**

From time to time, Villa World enters into put and call options or other partnering arrangements with land owners. Under those arrangements, Villa World is typically allowed a period of time to sell house and land packages to buyers without Villa World being required to purchase the

lots from the land owner. If sales rates are lower than expected, Villa World may be required to purchase lots or make payments to land owners under those arrangements, which may negatively impact Villa World's returns from those projects.

Where Villa World undertakes a land only project (and does not carry out housing construction), a proportion of lots are sold to builders under put and call arrangements or otherwise on extended terms, under which the builders are allowed a period of time to sell those lots to third party buyers. If those lots are not sold to third party buyers within the required timeframes, Villa World may require the builders to purchase the lots and in that case there is a risk that the builders will not be able to complete those purchases.

### **Counter-party risk**

Villa World deals with many counter-parties, including customers who purchase individual lots, builders who purchase multiple lots, parties who purchase englobo sites, suppliers, sub-contractors, and other service providers. If any of these parties fail to meet their contractual obligations, the result could have an adverse impact on Villa World.

### **Major suppliers' risk**

Villa World may face the risk of a civil contractor or other major supplier or service provider encountering financial difficulty and being unable to complete or deliver contracted works or materials either in a timely fashion or at all.

In that event, the timing of settlement of lots may be delayed resulting in a greater risk of lots under contract terminating, additional holding costs and/or a delay in the receipt of settlements proceeds or fees.

In addition to the above, if Villa World is required to appoint an alternative service provider or materials supplier to complete outstanding works or deliver outstanding materials, Villa World may have to incur additional expenses than would otherwise have been the case. Insurance may not be available to cover such additional expenses (for example, Villa World's insurance may not cover those events or insurance held by that civil contractor or other service provider or supplier may not cover those events or entitle Villa World to recover under such policy).

### **Increase in unemployment rate**

Sales of lots in Villa World's residential projects may be negatively impacted by a sustained increase in the unemployment rate in Australia, particularly in key markets where Villa World has residential projects. This impact could be through a reduction in the number of lots sold and/or in the value of lots sold and profit achieved.

### **Inventory write downs**

Unanticipated factors affecting the value of land or development costs, including environmental issues, native title claims, land resumptions, failure to obtain necessary approvals, market conditions and major infrastructure charges might impact future earnings through a write down in property values.





# KEY RISKS

## Key risks associated with Villa World (continued)



### **Dependence on key personnel**

Villa World is reliant on a number of key personnel employed by Villa World, and will need to retain and attract suitably qualified and skilled personnel to support its strategic objectives. Loss of such personnel, or inability to attract suitably qualified personnel, may have a materially adverse impact on Villa World's business and financial performance. Villa World's efforts to retain and develop key personnel may also result in additional expenses which could adversely affect its profitability.

### **Acquisitions and joint ventures**

The ability of Villa World to deliver product and achieve sales targets is affected by the availability of suitable development sites through acquisitions, joint ventures or other arrangements (including development agreements or put and call options) with land owners. Villa World's financial performance may be adversely affected as a result of reduced supplies of land and increased competition for development sites, leading to the inability to secure development sites within the times and at the prices expected.

Villa World may make strategic acquisitions and enter into joint ventures as part of its growth strategies. There can be no assurance that Villa World will be able to successfully identify or acquire such acquisitions or joint ventures. Villa World may also elect to fund acquisitions using existing or new bank facilities.

Whilst it is Villa World's policy to conduct a thorough due diligence process in relation to any such acquisition or joint venture, risks remain that are inherent such as the reliance on advice from consultants and assumptions made, which may prove to be incorrect.

Subject to relevant joint venture agreements, Villa World may be unable to control the actions of its joint venture partners and therefore cannot guarantee that the joint ventures will be operated or managed in accordance with Villa World's preferred direction or strategy. Joint venture partners may change their internal investment strategies requiring them to exit existing arrangements with Villa World or which prevents them from entering into future potential transactions with Villa World.

### **Environmental and cultural heritage matters**

The discovery of, or incorrect assessment of costs associated with, environmental matters, cultural heritage or contamination on any of Villa World's projects could have an adverse effect on the profitability and timing of receipt of revenue from that project.

There is a risk that a property development may be contaminated now or in the future. Government regulatory authorities may require such contamination to be remediated. There is a risk that Villa World may be required to undertake any such remediation at its own cost.

Further, environmental laws impose penalties for environmental damage and contamination, which can be material in size. Such events could adversely affect Villa World's financial performance or financial condition.

### **Licencing**

Villa World, via one or more of its wholly-owned Subsidiaries, holds building licenses and real estate agency licenses where required in the jurisdictions in which it operates. Failure to comply with the requirements of those licenses, or failure to maintain those licenses, may have a significant impact on Villa World's earnings and cash flows.

### **Capital expenditure**

The risk of unforeseen capital or other expenditure requirements for Villa World may impact its financial performance.

### **Insurance**

Villa World carries a range of insurance products for (amongst other things) workers compensation, public liability, professional indemnity, industrial special risks and directors & officers. However, Villa World's insurance will not cover every potential risk associated with its operations.

The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on Villa World's financial condition and financial performance. Dependent on the type of coverage, Villa World may have to incur an excess prior to any payment by the insurer or pay for any difference between the full replacement cost and insured amount. Villa World may also incur increases to its insurance premium applicable to other areas of cover as a result of the event.

Villa World may not be able to recover under its insurance if the company or companies providing the insurance (or any reinsurance) are under financial distress or fail.

### **Occupational health and safety**

Villa World may face the risk of workplace injuries, which may result in production or industrial stoppages, workers' compensation claims, related common law claims and potential work health and safety prosecutions.

### **Competition risk**

Villa World may face the risk of loss of market share in the various residential corridors in which it operates as a result of the launch of competitors' residential estates. Such competition may result in the reduction of sales of residential lots or reduction in sales prices of residential lots or both. This may negatively impact on profits and cash flows and the ability of Villa World to meet its interest paying and debt repayment obligations. There is a risk that innovations in technology may cause disruption to the residential property sector which may adversely affect Villa World's ability to compete with its peers.



# KEY RISKS

## Key risks associated with Villa World (continued)



### **Market risks**

Market risk is the risk of an adverse event in the financial markets that may result in a loss of earnings for Villa World. Market risk includes exposures to funding risk (that is, being unable to meet financial obligations as they fall due or over-reliance on a funding source whereby market or environmental changes limit access to that funding source and thereby increase overall funding costs or cause difficulty in raising funds).

### **Reputational risk**

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to Villa World's business dealings and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security policies, sales and trading practices and conduct by companies in which Villa World holds strategic interests. Failure to address these issues appropriately could give rise to additional legal risk, subject entities within the Group to regulatory actions, fines and penalties, or harm the reputation of Villa World or the Group among its shareholders, customers and investors including its co-investors and joint venture partners in the marketplace.

The material failure of a Villa World joint venture may also have a material negative impact on the reputation of Villa World making it more difficult to enter into new joint ventures.

### **Litigation claims and disputes**

From time to time, the Group may be exposed to the risk of litigation or disputes with various parties arising from the conduct of its business, including contractual counterparties, shareholders, past and present employees, regulators, joint venture partners, competitors, suppliers and customers. Customers may also make warranty claims against the Group in respect of its construction activities. As well as the risk of financial damage, any such litigation, disputes or claims also carry a risk of damage to the reputation of Villa World and the Group. Although the Group holds liability insurance, this insurance may not cover all potential claims or may not be adequate to indemnify Villa World for all liability that may be incurred or loss which may be suffered.

Losses, liability or legal expenses as a result of litigation proceedings could have a material adverse effect on the Group's business and the financial performance of Villa World. Whilst entities within the Group may from time to time make certain provisions against the possibility of adverse outcomes, there is no guarantee that the provisioned amounts (if any) will adequately cover any such loss suffered or liability incurred. It is possible a material and costly claim, whether successful or not, could distract management from its core business and impact the value of the assets, income and dividends of Villa World.

### **Taxation**

Villa World is subject to taxation legislation in the various jurisdictions in which it has operations and conducts business. Any significant change in taxation law or its interpretation and application by an administrative body could have an adverse effect on the results of its operations.

### **Changes in Australian accounting standards**

Villa World is subject to the usual business risks that there may be changes in Australian accounting standards which have an adverse financial impact on Villa World or members of the Group. Holders should be aware that the Key Financial Ratios and the ratios used by Villa World disclosed in the Offer Specific Prospectus are calculated by reference to figures from the accounts of Villa World prepared on the basis of the Australian accounting standards in place as at the date of issuance of the Bonds. Villa World has the right under the Terms to notify Holders and the Trustee that components of the ratios will instead be determined in accordance with Australian accounting standards in force at the time of making the determination.

A new accounting standard, AASB 15 Revenue from Contracts with Customers, will apply to Villa World from its financial year commencing on 1 July 2018. Villa World continues to evaluate the potential impact of this new standard on its consolidated financial statements. The evaluation process includes reviewing the terms of contracts and evaluating customary business practices and considering these against the measurement, recognition and disclosure requirements of AASB 15. A key judgement area will be determining when customers obtain control of land developed and residential building assets insofar as this impacts the timing of revenue recognition.

### **General operational risks**

Villa World is subject to various operational type risks which may have an impact on its business. These may include risks related to technology, processes and procedures, cyber-attack and data breaches, systems and employee-related risks.



# KEY RISKS

## Key risks associated with the Bonds



A detailed outline of risks relating to the Bonds and Villa World's business is contained in Section 4 of the Base Prospectus and Section 3 of the Offer Specific Prospectus. All potential Bond investors should read both the Base Prospectus and the Offer Specific Prospectus in full before deciding whether to invest in the Bonds and they should not rely on this presentation.

### MAIN RISKS ASSOCIATED WITH THE BONDS INCLUDE:

#### **Market Price of the Bonds**

The market price of the Bonds may fluctuate due to various factors including general movements in interest rates, credit margins, the Australian and international investment markets, international economic conditions, changes in inflation rates and inflationary expectations, the market price of any other Villa World debt, factors that affect Villa World's financial position and performance or credit worthiness, global geo-political events and hostilities, investor perceptions and other factors beyond the control of Villa World and its Directors.

Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. It is possible that the Bonds may trade at a market price below their Face Value. If the Bonds trade at a market price below the amount at which you acquired them, there is a risk that if you sell them prior to the Maturity Date, you may lose some of the money you invested.

#### **Liquidity of the Bonds**

Villa World has applied for the Bonds to be listed on ASX. However, the Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may be less liquid than the market for other securities. If Holders wish to sell their Bonds, they may be unable to do so easily or at an acceptable market price, or at all if insufficient liquidity exists in the market for the Bonds.

#### **Changes in the Interest Rate payable**

For any Series of Bonds issued with a floating interest rate, the Interest Rate for each Interest Period will be calculated on the first Business Day of that Interest Period by reference to a Market Rate, which will be influenced by a number of factors and varies over time. The Interest Rate will fluctuate (both increase and decrease) over time with movement in the Market Rate.

If a Series of Bonds is issued with a fixed interest rate, the Interest Rate for each Interest Period will be fixed and not vary over time. As the Market Rate fluctuates, there is a risk that the Interest Rate may become less attractive when compared to the rates of return available on other securities, which could decrease the trading price of fixed rate bonds.

#### **Villa World may default on payment of face value or interest**

Depending upon its performance and financial position, Villa World's cash flows and capital resources may not be sufficient to pay some or all of the Face Value or Interest due on Bonds as and when payable under their terms.

#### **Restrictions on Holders rights and ranking in a winding-up**

Each series of Bonds (and the Guarantee in respect of the Bonds) will be unsecured and unsubordinated. In the event of a winding-up of Villa World, assuming the Bonds have not been previously Redeemed, Holders will be entitled to be paid the Redemption Amount for each outstanding Bond.

The claim for this amount ranks behind any secured creditors of Villa World and any other creditors preferred by law, such as employees. Villa World owes secured debt obligations, including to Australia and New Zealand Banking Group Limited ("ANZ"), which will rank ahead of Villa World's obligations to Holders in a winding up. The secured debt owed to ANZ matures before the maturity date of the Bonds and may or may not be refinanced by ANZ (or any other bank). ANZ's role as a lender to Villa World could give rise to potential conflicts of interest between ANZ and its affiliates and the Holders. Neither ANZ nor any other financier to Villa World has any obligation to take into account the interests of Holders when making decisions in their role as creditors (including when negotiating the terms of any such refinancing, or whether to refinance at all). If the secured debt is not refinanced, Villa World's financial condition may change adversely, which may impact Villa World and the Guarantors' ability to meet their obligations under the Bonds. In its role as secured creditor, ANZ will have access to information about, and analysis on, Villa World's and the Guarantors, but ANZ is under no obligation to (and will not) provide such information and analysis to Holders during the term of the Villa World Bonds. Holder's claims rank ahead of obligations which by their terms or at law rank behind the Bonds (including subordinated instruments and shareholders' interests in Villa World), and equally with other Bonds and any other obligations of Villa World which by their terms or at law rank equally with the Bonds (such as unsecured general and trade creditors of Villa World).

Equally, any claim against a Guarantor under the Guarantee granted in respect of the Bonds ranks behind any secured creditors of the Guarantor (which includes ANZ), and any other creditors of the Guarantor preferred by law. ANZ's role as a creditor of the Guarantors could give rise to potential conflicts of interest between ANZ and its affiliates and the Holders.

Subject to the relevant gearing ratio limits specified in the Offer Specific Prospectus, Villa World may incur additional obligations that may rank ahead of or equally with the Bonds. These additional obligations may be secured, subject to the provisions of the negative pledge condition in the Bonds. The negative pledge condition in the Bonds permits Villa World to secure other Bonds, syndicated loans and term loan arrangements without having to accord security to the Bonds or to issue bonds or raise debt which is equal ranking with the Bonds, subject to meeting the relevant gearing ratio limits specified in the Offer Specific Prospectus.





# KEY RISKS

## Key risks associated with the Bonds (continued)



If there is a shortfall of funds on a winding-up to pay all of Villa World's obligations, there is a risk that Holders will not receive the full payment (or any part thereof) to which they are otherwise entitled.

### ***Reliance on the Guarantee***

The Bonds are guaranteed pursuant to the Guarantee granted by certain Subsidiaries of Villa World. Villa World is a holding company, and its assets include its investments in other members of the Group including the Guarantors. If any or all of the Guarantors' financial condition deteriorates, it is possible that Villa World may not have access to the resources or liquidity to pay the amounts required under the Bonds and the Guarantors, individually or collectively, may not have the financial resources or liquidity to pay the amounts required under the Guarantee. Consequently, investors in the Bonds may suffer direct and materially adverse consequences.

The Guarantors will not include all of the Subsidiaries of Villa World. Only those members of the Group that provide a guarantee of the indebtedness of any other member of the Group under the terms of any of the Group's external bank debt facilities will be required to be a Guarantor. If a member of the Group is not required to be a Guarantor, the Holders will have no direct contractual claim against that entity. Without limitation of the above, the Guarantors will not include any joint venture entities in respect of which Villa World has an interest and so no such joint venture entity will be a Guarantor and the Holders will not have a direct contractual claim against such joint venture entities.

### ***Unless specified in the relevant offer specific prospectus, there is a risk of early redemption***

The Bonds may be Redeemed early in certain circumstances, including following certain changes in taxation law (a "**Tax Event**"), a Change of Control Event, or where less than 10 per cent of the Series of Bonds remain on issue (this is a "**Clean Up Condition**"). In the event of an early Redemption of the Bonds, Holders may not receive the returns you expected to receive on the Bonds (if held until maturity) if Holders invest the proceeds in alternative investment opportunities at that time.

### ***Unless specified in the relevant offer specific prospectus, holders may only collectively request early redemption following a change of control event***

Holders of the Bonds have the option to require Villa World to Redeem their Bonds prior to the Maturity Date upon the occurrence of a Change of Control Event, but only if they pass a Holder Resolution in favour of exercising that option. Individual Holders have no right to require Redemption of Bonds in any circumstances.

In addition, if a Change of Control occurs and a Holder Resolution is passed in favour of exercising the redemption of the Bonds, the Bonds of each Holder will be redeemed whether or not an individual Holder voted in favour of the Holder Resolution.

To realise their investment prior to Redemption or the Maturity Date, Holders can sell their Bonds on the ASX, or the relevant securities exchange on which the Bonds are listed, at the prevailing market price. However, depending on market conditions at the time, the Bonds may be trading at a market price below the Face Value and/or the market for the Bonds may not be liquid and Holders may not be able to sell their Bonds.

### ***Future issues of debt securities by Villa World***

Villa World has the right to create and issue any class of debt securities, including an additional Series of Bonds, without the approval of Holders. Any such future debt securities issuance by Villa World is subject to the relevant gearing ratio limits specified in the Offer Specific Prospectus.

An investment in Bonds carries no right to participate in any future issue of debt securities by Villa World.

No prediction can be made as to the effect, if any, of any future issuance of debt securities by Villa World on the market price or liquidity of the Bonds.

### ***Incurrence of additional financial indebtedness and granting of additional security interests***

Subject to compliance with the debt incurrence covenant in clause 4.2 of the Terms, any member of the Group may incur additional Financial Indebtedness from time to time without the consent of the Holders. Additionally, if any member of the Group which is not Villa World or a Guarantor incurs Financial Indebtedness, the debt incurrence covenant will not be applied at that time.

Similarly, subject to compliance with the Negative Pledge in clause 4.1 of the Terms, any member of the Group may grant additional Security Interests from time to time without the consent of the Holders. Additionally, the Negative Pledge does not apply to restrict members of the Group which are not Villa World or a Guarantor from granting a Security Interest.

Neither the debt incurrence covenant nor the Negative Pledge apply to any joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice.

The incurrence of additional Financial Indebtedness or the granting of a Security Interest may impact on the ability of Villa World to meet payments under the Bonds or the extent of liabilities which rank in priority for payment to the Holders on a winding up.



# KEY RISKS

## Key risks associated with the Bonds (continued)



### **Modifications, waivers and substitution**

The Terms of the Bonds contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Terms of the Bonds also provide that the Trustee may, without the consent of Holders, agree to amend the Terms if Villa World is of the opinion that such amendment is of a formal or technical nature, is made to cure any ambiguity or error, is necessary to enable the Bond to be listed or to comply with law, or is otherwise not materially prejudicial to the interests of Holders as a whole.

### **Trustee's actions**

The Trustee shall not be obliged to take any actions on behalf of the Holders if not indemnified to its satisfaction, including any actions following an Event of Default pursuant to clause 6.3 of the Terms.

Even if Villa World agrees to indemnify the Trustee, the time taken to agree the indemnity may impact on when such actions are taken. The Trustee may decline to take action requested by the Holders, notwithstanding the provision of an indemnity to it by Villa World, in circumstances where the Trustee is restricted from doing so by any order of any court or applicable law.

### **Corporate actions**

The Terms do not provide Holders with any rights in the event that Villa World undertakes any transactions that may involve the restructure of the Group, such as asset disposals or acquisitions, or other corporate transactions. Any such transactions would only give rise to rights for Holders if they constituted a Change of Control Event. Any such transactions by Villa World may be subject to the relevant gearing ratio limits specified in the Offer Specific Prospectus.

### **Taxation considerations**

Holders should be aware that future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Bonds, or the holding and disposal of Bonds.

In addition, if any changes in taxation law or the interpretation or application of law by the courts or taxation authorities result in any payment to a Holder being subject to an amount of withholding or deduction in respect of any taxes or governmental charges or in the payment of interest on the Bonds not being allowed as a deduction to Villa World, then Villa World is entitled to Redeem the Bonds.

### **General economic and financial market conditions**

General economic conditions (both domestic and international), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities, changes in domestic or international fiscal, monetary, regulatory and other government policies, changes in investor sentiment and perceptions, geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities may have a significant impact on the performance of the Group and adversely impact Villa World's ability to pay interest and repay the Face Value and may affect the price of the Bonds. As a result of the above mentioned factors, Villa World is unable to forecast the market price for the Bonds and they may trade on the ASX at a price that is below Face Value.



# KEY RISKS

## Key risks associated with the Equity Offer



### ***Risks associated with an investment in shares***

There are general risks associated with investments in equity capital. The trading price of Villa World shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the new ordinary shares offered under the Placement and SPP being less or more than the offer price under the Placement and SPP.

Generally applicable factors which may affect the market price of shares include:

- General movements in Australian and international stock markets;
- Investor sentiment;
- Australian and international economic conditions and outlook;
- Changes in interest rates and the rate of inflation;
- Change in government regulation and policies;
- Announcement of new technologies; and
- Geo-political stability, including international hostilities and acts of terrorism.

No assurances can be given that the new ordinary shares offered under the Placement and SPP will trade at or above the issue price. None of Villa World, its directors or any other person guarantees the market performance of the new ordinary shares.

### ***Dilution***

If shareholders do not participate in the SPP then their percentage shareholding in Villa World will be diluted as a result of the Placement. Even if a shareholder does take up their full allocation under the SPP, their percentage shareholding in Villa World may be diluted by the Placement and possibly also from the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholdings.

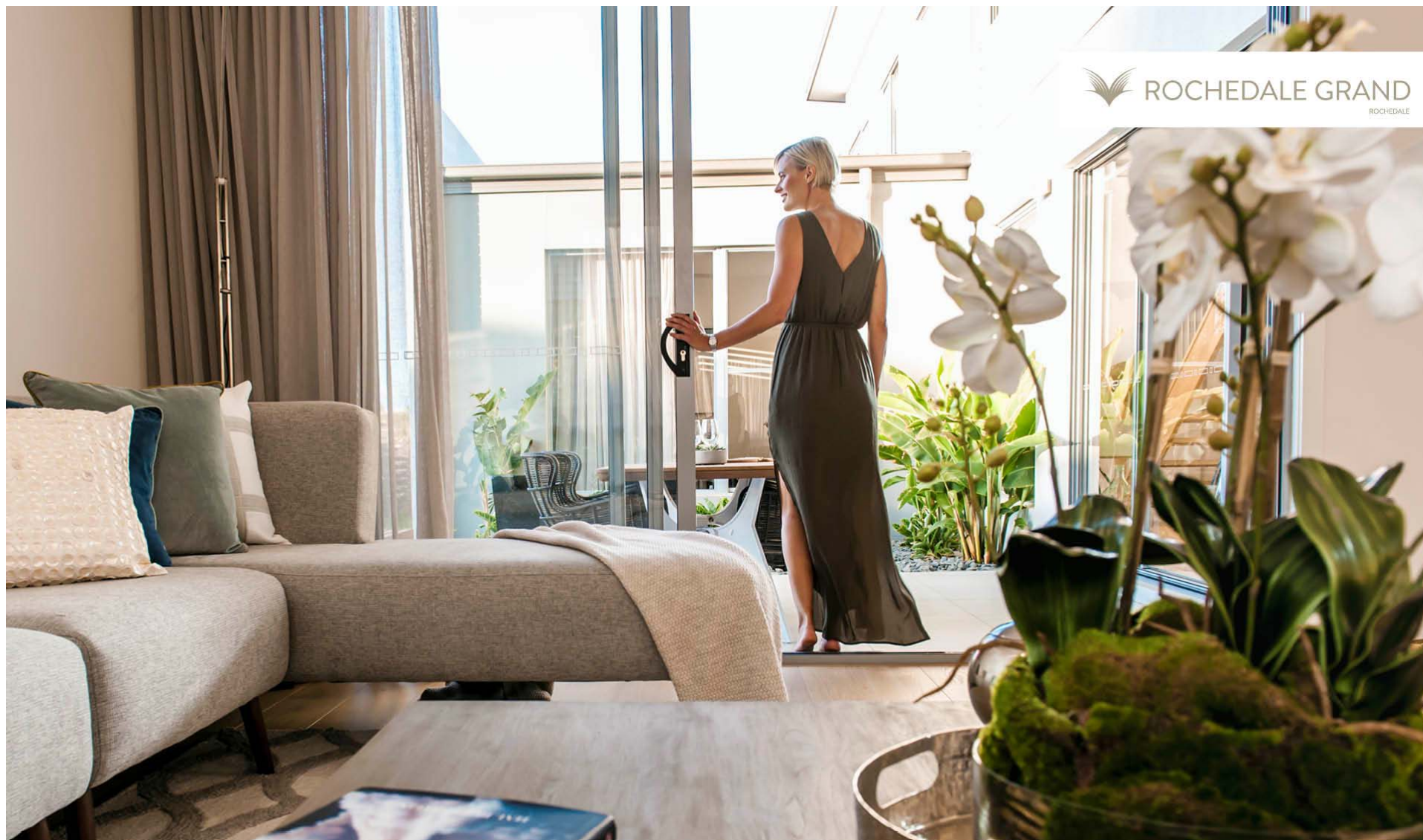
### ***Underwriting risk***

Villa World has entered into an underwriting agreement under which the underwriter has agreed to fully underwrite the Placement. If certain conditions are not satisfied or certain events occur under the underwriting agreement, the underwriter may terminate this agreement which may require Villa World to search for alternative financing.



# Section 8

Appendices





# APPENDIX 1: OVERVIEW OF VILLA WORLD

## Business Model and Strategy



- Villa World acquires, develops and markets residential land and house and land estates.
- Villa World is an east coast residential developer with development and construction operations across New South Wales, Queensland and Victoria; and is an S&P/ASX 300 company.
- Villa World offers well-located land only product; as well as affordable to mid-priced 'house and land' packages under a no-variations, turnkey model.
- Villa World's turnkey house and land model delivers homes that are completed, landscaped and ready to move into. This model maintains a solid position across its core customers in the retail market (comprising owner occupiers including first home buyers), as well as predominantly local investors. Villa World's land estates are also sold to contract builders.
- Villa World has delivered a track record of earnings growth and strong fully franked dividends under an experienced and proven management team.
- Villa World is committed to achieving its long-term goal of being recognised as **a leading Australian property company**. Villa World has refined its strategy around three key themes: **focus, grow and lead**. These themes provide clear direction for Villa World's approach to its development portfolio, sales, operational delivery and capital management.
- Villa World has a strategy to grow the portfolio, through disciplined and targeted acquisitions, including the use of capital efficient structures.



# APPENDIX 2: FINANCIAL INFORMATION 1H17

## Operational Performance



30 YEARS

Performance	1H17	1H16	Change	
<b>Sales (lots)<sup>1</sup></b>	<b>673</b>	<b>497</b>	<b>▲</b>	<b>35%</b>
<b>Mean rate of sale pcm - HY</b>	<b>112.2</b>	<b>82.8</b>	<b>▲</b>	<b>35%</b>
<b>Number of projects contributing to profit</b>	<b>19</b>	<b>17</b>	<b>▲</b>	<b>12%</b>
<b>Settlements (# lots)<sup>2</sup> - inc. Joint Ventures</b>	<b>592</b>	<b>550</b>	<b>▲</b>	<b>8%</b>
Settlements (# lots) - ex. Joint Ventures	576	550	▲	5%
- House and Land (# lots)	306	373	▼	-18%
- Land Only (# lots)	269	176	▲	53%
- Englobo Sale (# lots)	1	1	n/m	n/m
- House and Land (%)	53%	68%	▼	
- Land Only (%)	47%	32%	▲	
<b>Revenue - property sales (\$m)</b>	<b>209.4</b>	<b>200.2</b>	<b>▲</b>	<b>5%</b>
- House and Land (\$m)	138.7	151.2	▼	-8%
- Land Only (\$m)	68.5	43.0	▲	60%
- Englobo (\$m)	2.2	6.0	n/m	n/m
- House and Land (%)	66%	76%	▼	
- Land Only (incl englobo) (%)	34%	21%	▲	
<b>Revenue - property sales (\$k/Lot)</b>	<b>360.4</b>	<b>353.6</b>	<b>▲</b>	<b>2%</b>
- House and Land	453.3	405.3	▲	12%
- Land Only (ex englobo)	254.7	244.0	▲	4%

<sup>1</sup> Sales - executed contracts, not necessarily unconditional.

<sup>2</sup> 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.

Sales strengthened to an average of 112 sales per month.

With projects at various points in the life cycle selling during the remainder of FY17, Villa World expects to better its FY16 sales performance of 1,185 sales.

\$191.6 million sales carried forward<sup>1</sup> into 2H17 (554 lots) (1H16: \$107.7 million / 311 lots).

Strong sales coupled with efficient delivery, resulted in a growing number of settlements.

Revenue mix remains weighted towards house and land – 66% (1H16: 76%).

QLD was the main contributor to revenue – 84% (1H16: 86%).

Average revenue per lot reflective of product mix.

Price growth of 2-5% (like for like) at select estates.

<sup>1</sup>Total sales value (including GST) for conditional and unconditional contracts not yet recognised as revenue, inclusive of proportional share of joint ventures.



# APPENDIX 2: FINANCIAL INFORMATION 1H17

## Profit & Loss



	1H17 (\$m)	1H16 (\$m)	Δ %
<b>Revenue</b>	<b>209.4</b>	<b>200.2</b>	<b>5%</b>
Underlying Gross Margin	54.2	55.0	-2%
<i>Underlying Gross Margin (%)</i>	<i>25.9%</i>	<i>27.5%</i>	<i>-6%</i>
Significant Items <sup>1</sup>	0.5	0.0	
<b>Gross Margin</b>	<b>54.7</b>	<b>55.0</b>	<b>-1%</b>
<b>Gross Margin (%)</b>	<b>26.1%</b>	<b>27.5%</b>	<b>-5%</b>
<b>Revenue from Joint Ventures and Associates</b>	<b>1.9</b>	<b>4.6</b>	<b>-59%</b>
- Development and project management fee	1.0	1.2	-12%
- Share of profits	0.9	3.5	-74%
<b>EBITDA</b>	<b>32.2</b>	<b>34.9</b>	<b>-8%</b>
<b>Statutory net profit before tax</b>	<b>28.0</b>	<b>28.5</b>	<b>-2%</b>
Tax Expense	(8.4)	(8.1)	
<b>Statutory net profit after tax</b>	<b>19.6</b>	<b>20.4</b>	<b>-4%</b>
	<b>1H17</b>	<b>1H16</b>	<b>Δ %</b>
	<b>cps</b>	<b>cps</b>	
<b>EPS<sup>2</sup></b>	<b>17.4</b>	<b>18.5</b>	<b>-6%</b>
<b>Dividend (cps)<sup>3</sup> fully franked</b>	<b>8.0</b>	<b>8.0</b>	<b>0%</b>

<sup>1</sup>All aspects of the Silverstone proceedings were concluded in 1H17, with \$0.5 million released back into profit

<sup>2</sup> Basic earnings per share based on weighted averages shares on issue of 112,728,788 (1H1: 110,344,277)

<sup>3</sup> Ex dividend date 8 March 2017; Record date 9 March 2017; Payment date 31 March 2017

Strong sales momentum (average of 112 per month) and excellent delivery resulted in strong revenue growth.

Gross margin of \$54.7 million (26.1%).

Project management fees - ongoing revenue stream.

Strong 1H17 profit, combined with strong carried forward sales, result in an increased full year guidance to \$37.5 million.

Interim dividend of 8 cps. Guidance of full year dividend of 18.5 cps, representing a yield<sup>4</sup> of ~8.2%, fully franked.

<sup>4</sup> Based on Equity Offer price of \$2.25.



# APPENDIX 2: FINANCIAL INFORMATION 1H17

## Balance Sheet, Capital Management and Financial Ratios



30 YEARS

Balance Sheet	1H17 (\$m)	FY16 (\$m)
<b>Assets</b>		
Cash	14.1	8.4
Receivables	52.0	72.4
Inventories	342.9	373.7
Investments accounted for using the equity method	22.7	18.5
Other	4.8	5.1
<b>Total Assets</b>	<b>436.6</b>	<b>478.0</b>
<b>Liabilities</b>		
Trade and other payables	35.4	45.1
Land acquisitions payable	26.2	46.9
Interest bearing liabilities	111.1	128.6
Other	14.1	20.5
<b>Total Liabilities</b>	<b>186.8</b>	<b>241.1</b>
<b>Net Assets</b>	<b>249.8</b>	<b>236.9</b>
<b>Net tangible assets</b>	<b>249.8</b>	<b>236.9</b>
<b>NTA (\$ / Share)</b>	<b>2.20</b>	<b>2.15</b>

	1H17 (\$m)	FY16 (\$m)
Net Debt	97.0	120.2
Net Debt : Equity (%)	38.8%	50.8%
Reported Gearing Ratio <sup>1</sup>	23.0%	25.6%
Look Through Gearing <sup>2</sup>	23.2%	27.2%
Interest Cover <sup>3</sup>	8.08 x	6.06 x
Capitalised borrowing costs (% of Inventory)	2.99%	2.63%
<sup>1</sup> (Interest bearing liabilities - cash)/(Total assets - cash)		
<sup>2</sup> Gearing when joint ventures are proportionally consolidated.		
<sup>3</sup> Interest Cover = EBITDA / net cash interest (per Club facility)		

Gearing target of 15–30%.

Interest cover strong.

Undrawn facility \$65.1 million and strong cash flows.

\$190m diversified debt facility<sup>4</sup> with long term, staggered maturity<sup>5</sup>.

<sup>4</sup> Syndicated Club facility with ANZ and Westpac.

<sup>5</sup> Binding credit approved term sheet signed with ANZ on 13 March 2017, with documentation completed 21 March 2017. Refer to slide 6 for new maturity dates for the ANZ facility.





# APPENDIX 2: FINANCIAL INFORMATION 1H17

## Cash Flow



30 YEARS

	1H17 (\$m)	1H16 (\$m)
<b>Cash flows from operating activities</b>		
Receipts from customers (inc. GST)	249.8	209.8
Receipts from the transfer of development rights	-	25.4
Payments to suppliers and employees (inc. GST)	(132.5)	(128.6)
<b>Cash generated from operating activities</b>	<b>117.3</b>	<b>106.6</b>
Payments for land acquired	(66.6)	(53.1)
Net Interest paid	(2.8)	(3.4)
Borrowing costs	(0.0)	(0.3)
Corporate Tax Paid <sup>1</sup>	(5.1)	-
GST (Paid) / Refund	(8.5)	(6.3)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>34.3</b>	<b>43.5</b>
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(3.0)</b>	<b>(1.9)</b>
<b>Cash flows from financing activities</b>		
Net borrowings (repaid) / drawn	(17.8)	(45.8)
Proceeds from exercise of options	4.1	-
Payments for shares acquired by Employee Share Scheme Trust	(0.4)	-
Dividends paid	(11.4)	(11.0)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(25.5)</b>	<b>(56.8)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>5.8</b>	<b>(15.2)</b>
Cash & cash equivalents at the beginning of the financial year	8.4	22.6
<b>Cash &amp; cash equivalents at the end of half year</b>	<b>14.1</b>	<b>7.4</b>

<sup>1</sup> The Company utilised all carried forward tax losses, and began paying cash tax in 2H16.

Strong cash flow from operating activities enabled the Company to:

- Pursue growth opportunities through the development of existing portfolio
- Reinvest in the business through value accretive acquisitions
- Continue the payment of strong dividends
- Maintain a strong balance sheet.



# APPENDIX 3: ACQUISITIONS

Development Portfolio (31 December 2016 adjusted for 2H17 acquisitions)



30 YEARS

Project Name	Region	Suburb	State	Status	Calendar Year Acquired	1H17				FY17	FY18	FY19	1H 2H17	1H 2H18	1H 2H19	1H 2H20	2021+	Starting Price
						Yield	Unsettled Lots	Contracted Lots	Unsold Lots									
Land																		
Subtotal - Land (31 Dec 16)						4,485	2,656	234	2,422									
[J] Clyde	SE-Melbourne	Clyde	VIC	Planning <sup>1</sup>	2017	414	414		414			✓						\$255k
Subtotal - Land (adjusted 31 Dec 16)						4,899	3,070	234	2,836									
House and Land																		
Subtotal - House and Land (31 Dec 16)						3,416	2,005	276	1,729									
[J] Hope Island	Gold Coast	Hope Island	QLD	Planning <sup>1</sup>	2017	85	85		85			✓						TH: \$475k; H&L: \$650k
[J] Plumpton	NW-Melbourne	Plumpton	VIC	Planning <sup>1</sup>	2017	189	169		169			✓						\$494k
[J] Box Hill	NW-Sydney	Box Hill	NSW	Planning <sup>1</sup>	2017	35	35		35			✓						\$765k
[J] Doolandella	Logan	Doolandella	QLD	Planning <sup>1</sup>	2017	160	149		149		✓	✓						TH: \$385k; H&L: \$485k
Subtotal - House and Land (adjusted 31 Dec 16)						3,885	2,443	276	2,167									
Total (wholly owned projects)(31 Dec 16)						7901	4661	510	4151									
Total (wholly owned projects)(adjusted 31 Dec 16)						8,784	5513	510	5003									
Rochedale (House Construction - 100% VLW)																		
Subtotal (31 Dec 16)						167	163	40	123									
Total (projects contributing to Revenue) (31 Dec 16)						8,068	4,824	550	4,274									
Total (projects contributing to Revenue) (adjusted 31 Dec 16)						8,951	5,676	550	5,126									
Joint Ventures																		
Subtotal						1,579	1,563	5	1,558									
Total (all categories) (31 Dec 16)						9,647	6,386	554	5,832									
Total (all categories) (adjusted 31 Dec 16)						10,530	7,238	554	6,684									

<sup>1</sup> Planning - current zoning consistent with proposed use. Progressing with any necessary approvals from relevant authorities.





# APPENDIX 3: ACQUISITIONS

Recently Acquired – “Arundel Springs”, Arundel, QLD



Project name	Arundel Springs, Arundel	Number of lots	393
Year acquired	2015	Product	LO, TH
State	QLD	Pricing	\$315k, \$460k
Region	Gold Coast	First Settlements	2H17





# APPENDIX 3: ACQUISITIONS

Recently Acquired – “Killara”, Logan Reserve, QLD



Project name	Killara, Logan Reserve	Number of lots	721
Year acquired	2016	Product	LO
State	QLD	Pricing	\$200k
Region	Logan	First Settlements	2H17





# APPENDIX 3: ACQUISITIONS

Recently acquired – yet to be named, Greenbank, QLD



PUB LANE, GREENBANK



Project name	Greenbank (JV)	Number of lots	1500 (100%)
Year acquired	2016	Product	TBC
State	QLD	Pricing	TBC
Region	Logan	First Settlements	2H18





# APPENDIX 3: ACQUISITIONS

Recently acquired – yet to be named, Doolandella, QLD



THE ORCHARD  
DOOLANDELLA



Project name	Doolandella	Number of lots	149
Year acquired	2017	Product	TH, H&L
State	QLD	Pricing	\$385k, \$485k
Region	Logan	First Settlements	2H18





# APPENDIX 3: ACQUISITIONS

Recently acquired – yet to be named, Hope Island, QLD



CRESCENT AVENUE, HOPE ISLAND



Project name	Hope Island	Number of lots	85
Year acquired	2017	Product	TH, H&L
State	QLD	Pricing	\$475k, \$650k
Region	Gold Coast	First Settlements	1H19





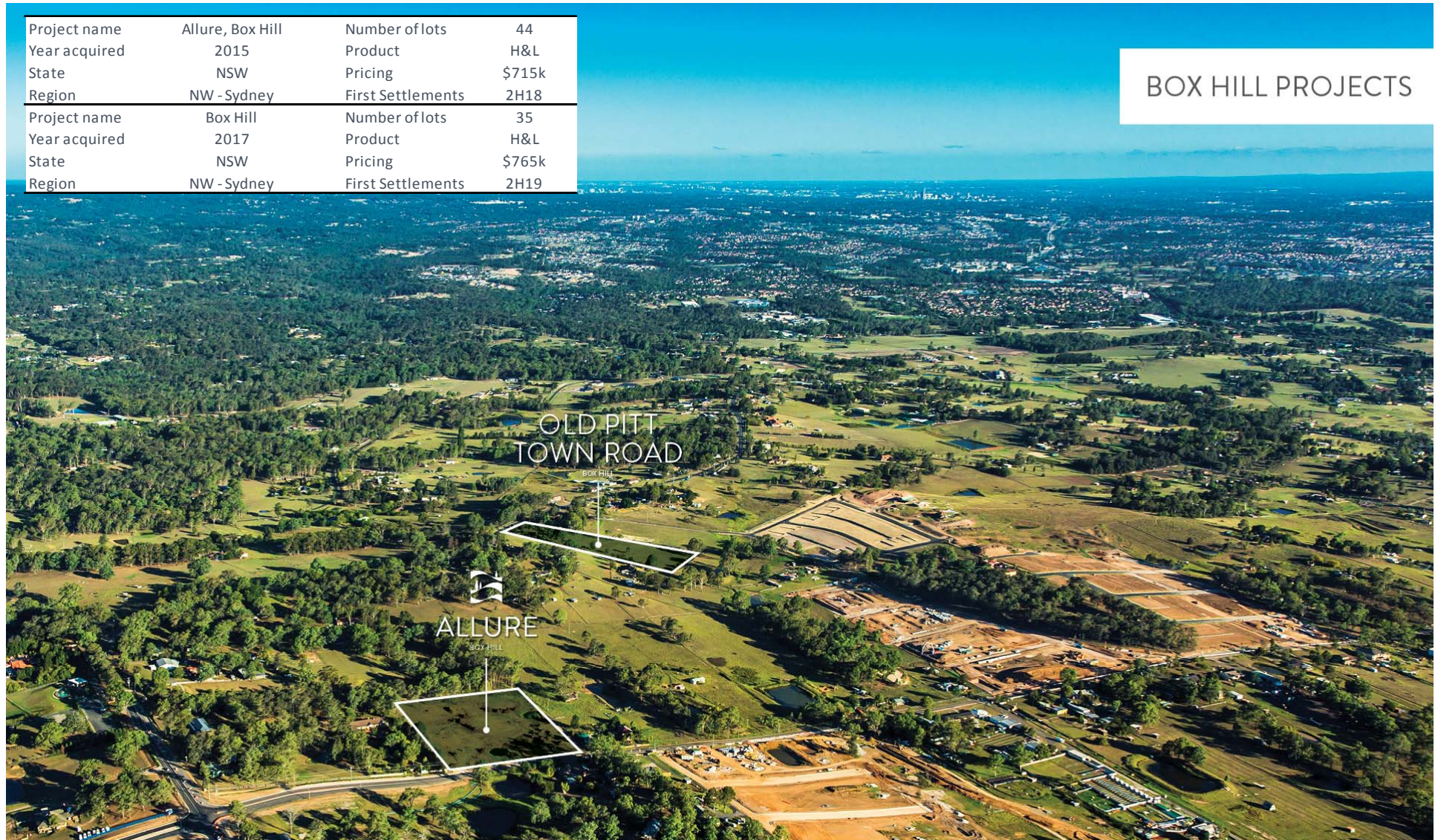
# APPENDIX 3: ACQUISITIONS

Recently Acquired – “Allure” and yet to be named, Box Hill, NSW



## BOX HILL PROJECTS

Project name	Allure, Box Hill	Number of lots	44
Year acquired	2015	Product	H&L
State	NSW	Pricing	\$715k
Region	NW - Sydney	First Settlements	2H18
Project name	Box Hill	Number of lots	35
Year acquired	2017	Product	H&L
State	NSW	Pricing	\$765k
Region	NW - Sydney	First Settlements	2H19





# APPENDIX 3: ACQUISITIONS

Recently acquired – yet to be named, Plumpton, VIC



## MELBOURNE PROJECTS

SIENNA RISE  
PLUMPTON

SIENNA  
PLUMPTON

SINCLAIRS ROAD  
PLUMPTON

Project name	Sienna, Plumpton	Number of lots	166
Year acquired	2014	Product	H&L, LO
State	VIC	Pricing	\$468k, \$243k
Region	NW- Melbourne	First Settlements	2H15
Project name	Sienna Rise, Plumpton	Number of lots	255
Year acquired	2014	Product	LO
State	VIC	Pricing	\$245k
Region	NW- Melbourne	First Settlements	2H18
Project name	Plumpton	Number of lots	169
Year acquired	2017	Product	H&L
State	VIC	Pricing	\$494k
Region	NW- Melbourne	First Settlements	1H19






# APPENDIX 3: ACQUISITIONS

Recently acquired – yet to be named, Clyde, VIC



PATTERSONS ROAD, CLYDE

An aerial photograph showing a large, rectangular area of land outlined in white. The land is mostly green and brown, with some blue ponds or water bodies. In the background, there is a dense residential area and a body of water under a clear blue sky.

Project name	Clyde	Number of lots	414
Year acquired	2017	Product	LO
State	VIC	Pricing	\$255k
Region	SE-Melbourne	First Settlements	1H19



## APPENDIX 4: FOREIGN SELLING RESTRICTIONS



This document does not constitute an offer of new ordinary shares of Villa World Limited in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia or New Zealand, except to the extent permitted below and where such offer or sale is in compliance with applicable local laws.

### **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.







SUCCESS THROUGH PROPERTY