

**CHAIRMAN'S ADDRESS – VILLA WORLD LIMITED ANNUAL GENERAL MEETING  
5<sup>TH</sup> NOVEMBER 2003**

Ladies and Gentlemen,

As you will all be aware the Company achieved a record profit of \$19.6m for the year ended 30 June 2003. The pleasing aspect of this result is that it was achieved on revenue for the year of \$150.2 million which was down 30.4% on the previous year. The final dividend of six cents per share makes a total of eleven cents for the year up from nine cents the previous year.

The improved profit result was due to a combination of better project selection, good market conditions and effective cost management. Sales levels and margins in most areas of the company's business were very good.

Our South East Queensland projects, the majority of which are house and land packages or medium density residential projects, have been strong profit contributors during the year. The company has been successful with a number of significant new land acquisitions in South East Queensland and these will provide further core projects for the company over the next couple of years.

As foreshadowed last year, the Berwick Views/Bowman's Track project in Melbourne, which was a joint venture with the BMD group, was completed and sold out well ahead of the original schedule. In New South Wales our Wild Ash Grove project at Thornleigh in Sydney has commenced selling and we expect it to make a strong contribution to profit in the current year. The Harbour Watch project at North Sydney is progressing well.

Generally, the outlook for the current year looks good, particularly in South East Queensland, where we expect reasonably strong market conditions to continue although these market conditions will be very sensitive to any upward interest rate movements.

The company is budgeting for a small increase in profit for the 2004 financial year. Sales levels for the first 4 months of the financial year have been good.

Since the end of the 2003 financial year a number of significant events have occurred:

- John Potter has retired as CEO, effective 31 October 2003, and been appointed as a non-executive director. John's contribution to the Company has been enormous. He steered the company through the merger with Citie Centre, the difficult transition period following the introduction of GST and the successful implementation of a strategic plan which has resulted in the company's current strong position. John wants to devote more time to family and personal interests and both the Board and John felt that now was a good time for John to step down as the company is in great shape with 2004 shaping as a record profit year.
- Brent Hailey has been appointed as CEO, effective 3 November 2003, and as a director of the company. The Board is delighted John Potter will be succeeded as CEO by Brent Hailey. Brent Hailey (who will speak to you shortly on some of the company's significant development projects) is well known in property development circles having been with the Brisbane-based BMD Group, a large privately owned property development/civils contracting company for almost 16 years, the last 3 years as Group CEO.
- 4,966,600 options have been exercised raising new capital in excess of \$5M.
- Significant progress has been achieved in the planning of the company's two major Special Projects – the Dolphin Arcade, Surfers Paradise and Eynesbury Station, Victoria.

It needs to be said, as always, the success that Villa World has enjoyed simply would not be possible without the tireless and dedicated efforts of our hard working employees. I would like to finish by acknowledging their efforts and congratulating all of them for their contribution to the achievement of last year's excellent result.

J. S. Humphrey  
Chairman