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Office of the Chief Executive

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VILLAGE BUILDING COMPANY REPORTS STRONG OUTCOME FOR 2006/07

The Village Building Co. Limited (VBC) announced at its AGM its second highest ever profit of \$6.35m (\$4.26m after tax). VBC Chairman, John Thame says it's a pleasing result.

“This has been a very successful year for The Village Building Co. The Company is growing nicely and we've had a substantial increase in profit.”

The Canberra based residential property group attributed its strong results to a focus on producing high quality affordable housing products in the ACT, NSW and QLD. Currently, around 80% of the Company's products sell at prices below the median house price.

VBC Chairman, John Thame says “the Company is currently having an information memorandum prepared by PriceWaterhouseCoopers, with a view to raising \$20m in additional equity from large professional and institutional investors”.

These funds will be deployed in accelerating the development of VBC's growing land bank. This land bank includes sites currently undergoing rezoning surrounding The Big Banana Tourist Attraction in Coffs Harbour, the Bulli Tile and Brick site north of Wollongong and parts of Tralee and Environa in South Jerrabomberra, Queanbeyan.

Chief Executive, Bob Winnel says “after 20 years establishing VBC in QLD, ACT and NSW, we are now looking to replace our major sites in Brisbane, whilst consolidating in our other markets, particularly Canberra where VBC holds 1700 undeveloped sites”.

A future listing on the Australian stock exchange is also an option for the VBC. That will enable VBC to further expand its housing operations within the sites it has acquired, strengthen its balance sheet, more rapidly take advantage of market opportunities and provide better liquidity for existing shareholders.

The Company already has in place a strong corporate governance regime in preparation for its moves towards further capital raising leading to a listing on the ASX.

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