22 March 2017

Villa World announces capital management initiatives

Villa World Limited (the "Company") is pleased to announce the launch of an equity offer and a debt offer to support its growth objectives and diversify its debt capital structure.

These capital management initiatives will provide the Company with increased financial capacity to continue to grow inventory through value accretive acquisitions and joint venture opportunities, resulting in a 'step change' in the business, whilst maintaining prudent gearing levels. The Company is targeting continued cumulative average EPS growth of greater than 10% p.a.[1].

Overview

- $20 million underwritten institutional placement of new ordinary shares at $2.25 per share ("Placement")
- Share Purchase Plan capped at $10 million, at the Placement price, to be offered to eligible shareholders (subject to scale back) ("SPP", and together with the Placement, "Equity Offer")
- offer of Series A, Tranche 1 simple corporate bonds, seeking to raise $50 million ("Bond Offer")
- bonds to be interest paying, unsubordinated and unsecured debt securities

The Equity Offer and the Bond Offer are separate, independent transactions, not conditional on the other occurring.

Transaction Rationale and Use of Proceeds

The Company's Managing Director and Chief Executive Officer, Mr Craig Treasure, said "Villa World continually assesses its capital management strategies, to ensure that we have the capacity to execute our growth targets.

In the financial year to date, we have contracted approximately $164 million in land acquisitions, comprising an expected total yield of more than 2,300 lots, and we continue to assess attractive acquisition opportunities in our east coast growth corridors.

Together with the recently announced extension of our senior debt facility, the offers announced today are aimed at ensuring that we remain in a strong position to take advantage of acquisition opportunities at prudent gearing levels. As Villa World continues to assess different acquisition opportunities within its pipeline, the proceeds of the Equity Offer and the Bond Offer will give Villa World additional financial capacity to replenish and increase land stocks through strategic purchases in optimal growth corridors, resulting in a 'step change' in the business.

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

Additionally, the Bond Offer diversifies our debt profile, and extends the average maturity of our borrowings.

We have delivered strong cumulative average EPS growth since FY14, and our growing pipeline supports our target of continuing to achieve cumulative average EPS growth of greater than 10% p.a."

Equity Offer

The Placement seeks to raise approximately $20 million, through the issue of 8,888,889 new ordinary shares at an issue price of $2.25 per share. The Placement is fully underwritten by Morgans.

The Placement issue price of $2.25 per share, represents a 5.5% discount to the closing price of the Company's shares on 20 March 2017 (the last day in which the shares of the Company traded before launch of the Placement), and a 6.6% discount to the volume weighted average price for the 5 trading days to (and including) 20 March 2017.

The Company's shares are expected to remain in trading halt until 10.00am (Sydney time), 23 March 2017 while the Placement is conducted. The Placement is expected to settle on 28 March 2017 and new shares will be allotted on the following business day, 29 March 2017.

The non-underwritten SPP will be offered to eligible shareholders in Australia and New Zealand for up to $15,000 worth of shares per shareholder, capped at $10 million in total (subject to scale-back at the Company's discretion). The record date for the SPP was 7:00pm (Sydney time), 21 March 2017. The SPP will be offered at the same price per share as the Placement.

Additional information in relation to the Equity Offer is included in the presentation released to ASX on 22 March 2017, which can also be accessed at www.villaworld.com.au/investor-centre.

Further details of the SPP will be sent to shareholders on or around 29 March 2017.

The key dates of the Equity Offer are included in Annexure A.

Bond Offer

The Company is seeking to raise approximately $50 million under the Bond Offer, by issuing 500,000 new unsecured debt securities ("Bonds") with a Face Value of $100 per Bond.

Application will be made for the Bonds to be quoted on the ASX under the code "VLWHA".

The Arranger is ANZ. The Joint Lead Managers are ANZ, Morgans and Evans and Partners.

The Bond Offer comprises:

- Broker Firm Offer – to Australian resident retail clients of a Syndicate Broker invited to participate through the Broker Firm Offer; and
- Institutional Offer – to Institutional Investors who were invited by the Joint Lead Managers to bid for the Bonds.

(together, the "Eligible Participants").

No general public offer of the Bonds will be made.

Key terms of the Bond Offer

The Bond Offer is made under a Base Prospectus and an Offer Specific Prospectus (together, the "Offer Documents") that were lodged with the Australian Securities and Investments Commission ("ASIC") on 22 March 2017.

Before making a decision to invest in the Bonds, Eligible Participants should read the Offer Documents carefully and in their entirety, including the key risks sections of the Offer Documents which set out some of the key risks associated with an investment in the Bonds and with the Company's business.

Some other key terms of the Bonds include:

- Interest paying, unsubordinated and unsecured debt obligations issued by Villa World;
- Face value of $100 per Bond;
- Floating interest rate, with the margin to be determined following a bookbuild process, payable quarterly in arrear;
- Term of 5 years, maturing 21 April 2022; and
- To be listed on ASX (code: VLWHA).

A copy of the Offer Documents can be accessed online at www.villaworld.com.au/investor-centre and has also been lodged with ASX.

A replacement Offer Specific Prospectus, which will include the final interest rate and application form, is expected to be lodged with ASIC on or around 30 March 2017.

The Bonds are expected to commence trading on ASX on a normal settlement basis on 27 April 2017.

The key dates of the Bond Offer are included in Annexure B.

Capitalised terms in this release have the meaning given to them in the Offer Documents, unless otherwise specified.

Further information on the Bond Offer

For further information please contact the Villa World Offer Information Line on 1300 651 684 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday 9.00am to 5.00pm (Sydney time).

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ANNEXURE A – Key dates for the Equity Offer

SPP record date	Tuesday, 21 March 2017
ASX trading halt	Tuesday, 21 March 2017
Placement offer opens	Wednesday, 22 March 2017
Placement offer closes	Wednesday, 22 March 2017
Recommencement of trading on ASX	Thursday, 23 March 2017
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

Note: 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).

ANNEXURE B – Key dates for the Bond Offer

Lodgement of the Base Prospectus and Offer Specific Prospectus with ASIC	Wednesday, 22 March 2017
Bookbuild to determine Interest Rate and Allocations to Syndicate Brokers and Institutional Investors	Wednesday, 29 March 2017
Opening Date for the Bond Offer and lodgement of the replacement Offer Specific Prospectus with ASIC	Thursday, 30 March 2017
Closing Date for the Broker Firm Offer (10.00 am Sydney time)	Thursday, 20 April 2017
Issue Date	Friday, 21 April 2017
Bonds commence trading on ASX on deferred settlement basis	Monday, 24 April 2017
Holding Statements despatched by the Registry	Wednesday, 26 April 2017
Bonds commence trading on ASX on normal settlement basis	Thursday, 27 April 2017

Note: 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).

Key dates for the Bonds

First Interest Payment Date[2]	21 July 2017
Maturity Date	21 April 2022

[2] 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.