

20 December 2017

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

Guidance Update

- Strategic joint venture delivers upside on Wollert site
- 1H18 NPAT increased to \$17million-\$18million
- FY18 NPAT of at least \$41.6million reaffirmed

Wollert joint venture

As previously announced, the Company has entered into contracts to acquire adjoining parcels of land totalling ~15.73 ha in Wollert, Victoria. The site is 25km north of Melbourne CBD, 18 km from Melbourne Tullamarine airport and 300m from the future Wollert Town Centre.

The Company is pleased to announce that it has entered into a joint venture for the development of this site with Ho Bee Land Limited. The joint venture will deliver a master planned 285 lot land community to be known as Elyssia, with an average lot size of 394m² and an average sales price of \$300,000. The joint venture will obtain project specific financing for the development in due course.

In undertaking the development, the joint venturers are to contribute capital and share profits on the basis of 51% (Villa World) and 49% (Ho Bee). The Company will receive fees for development management and sales and marketing coordination, and has the potential to receive a performance fee.

Managing Director and CEO, Craig Treasure said, "This joint venture is a continuation of our capital management strategies, and demonstrates that appropriate partnering arrangements can maximise our return on assets for the benefit of shareholders.

We are delighted to be undertaking this project with Ho Bee Land, a Singaporean listed real estate developer and investor with significant global property interests."

The Wollert joint venture is expected to contribute ~\$5.2million to 1H18 NPAT, with development revenue contributing to the Company's profit from FY19.

FY18 Guidance

On 16 August 2017, the Company announced FY17 NPAT of \$37.8 million, and that it anticipated FY18 NPAT growth of 10% (\$41.6 million). The Company advised that earnings would be significantly weighted to 2H18 due to the timing of delivery, with 1H18 NPAT expected to be \$10million-\$12 million.

The Company is now targeting 1H18 NPAT of \$17million-\$18million (1H17, \$19.6million), and reaffirms its NPAT guidance of at least \$41.6million for FY18. The Company will continue to monitor product delivery and land title registrations towards the end of 2H18 and will provide a further update if necessary.

It is the intention of the Board to continue the payment of dividends in accordance with the stated payout policy of 50 - 75% of NPAT, paid semi-annually. The Company reaffirms dividends in FY18 are expected to be at least 18.5 cps fully franked (FY17: 18.5cps). The Company will release its financial results for 1H18 on Wednesday, 14 February 2018.

About Ho Bee Land Limited

Ho Bee Land Limited was listed on the main board of the Singapore Exchange in 1999 and currently has a market capitalisation of ~S\$1.7 billion. Headquartered in Singapore, Ho Bee Land Limited also has property investments and developments in Australia, China and United Kingdom.

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