VILLA WORLD LIMITED

1H18 RESULTS PRESENTATION
14 FEBRUARY 2018

AGENDA

STRATEGIC DIRECTION

RESULTS OVERVIEW

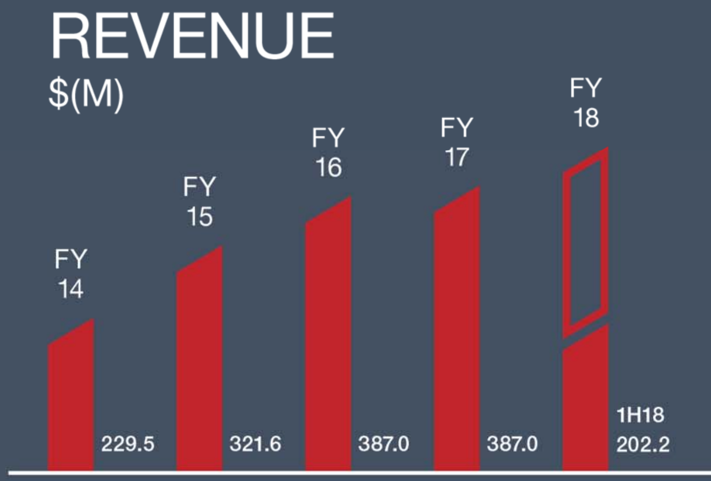
Villa World Limited (ASX: VLW) acquires, develops and markets residential land and house and land estates, across the greenfield growth corridors of east coast Australia.

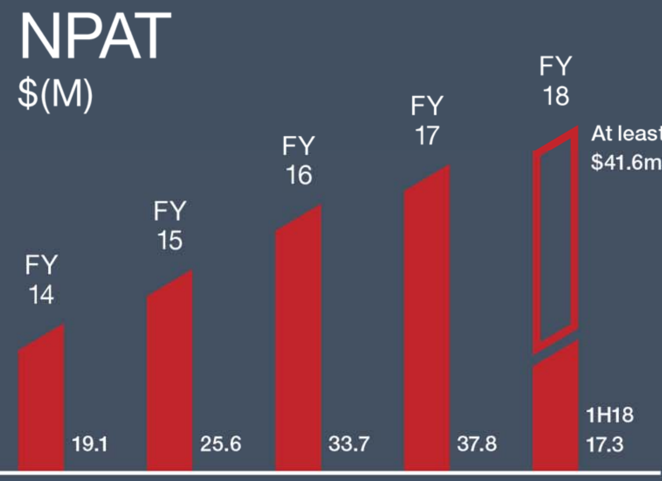
The Company has a clear and deliberate strategy of seeking consistent, through-the-cycle growth.

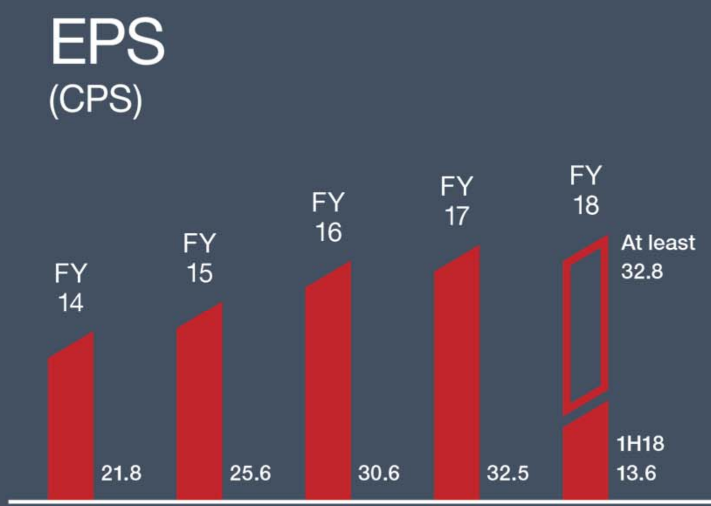
The Company has delivered cumulative EPS growth of 14.3% over the FY14-FY17 period.

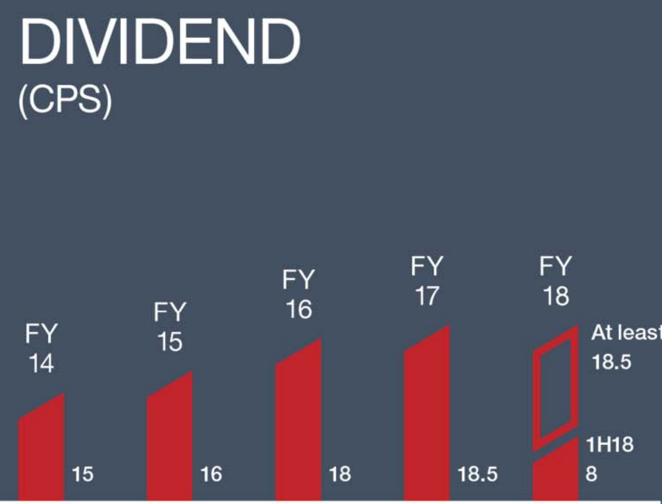
The Company is targeting at least 10% NPAT growth in FY18.

The Company's transition to a strong delivery phase positions the Company toward a very strong FY19, with a positive medium-term outlook underpinned by forecast earnings from the staged sale of the Donnybrook parcels contributing from FY20 through to FY23.









SALES AND DELIVERY STRENGTH

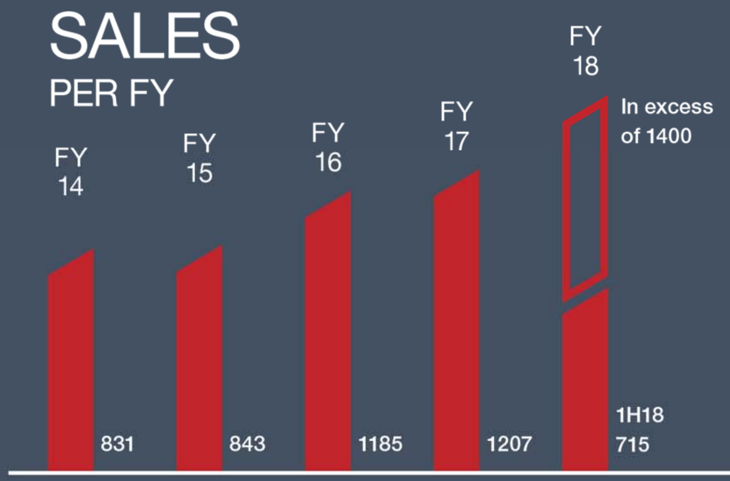
Expanding market share by offering land only product, as well as house and land in all States.

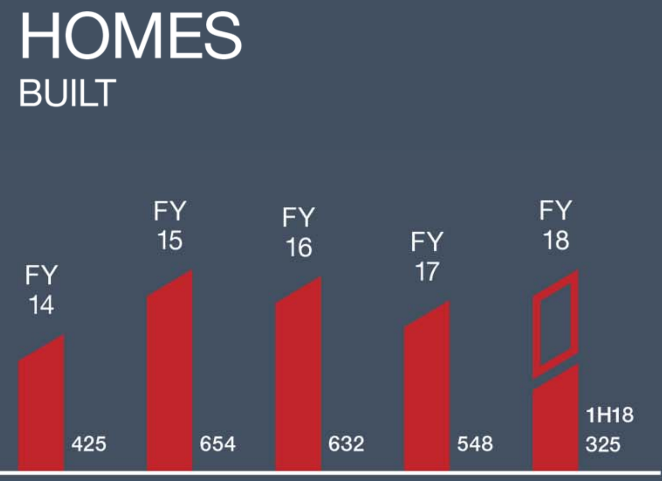
Product mix shifting towards land only.

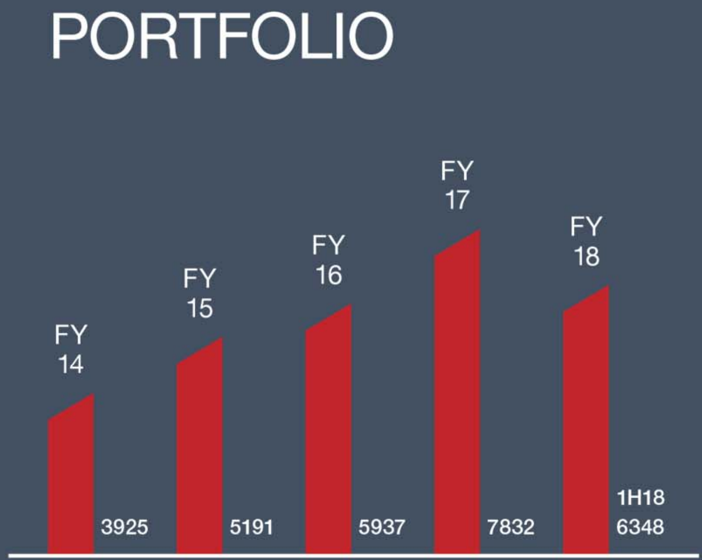
Flagship project releases contributing to strong targeted sales of at least 1400.

Portfolio reflects conditional sale of Donnybrook parcels.

Capital deployed into acquisitions in FY17 – selective acquisitions anticipated in FY18.







PORTFOLIO OVERVIEW

Significant portfolio growth through disciplined and targeted acquisitions in FY17 will results in only select acquisitions in FY18. Shift to significant delivery.

Pipeline of 6,348 lots, representing ~4.5 years of sales (at FY18 sales guidance of 1400).

Portfolio diversified across and within the east coast states.

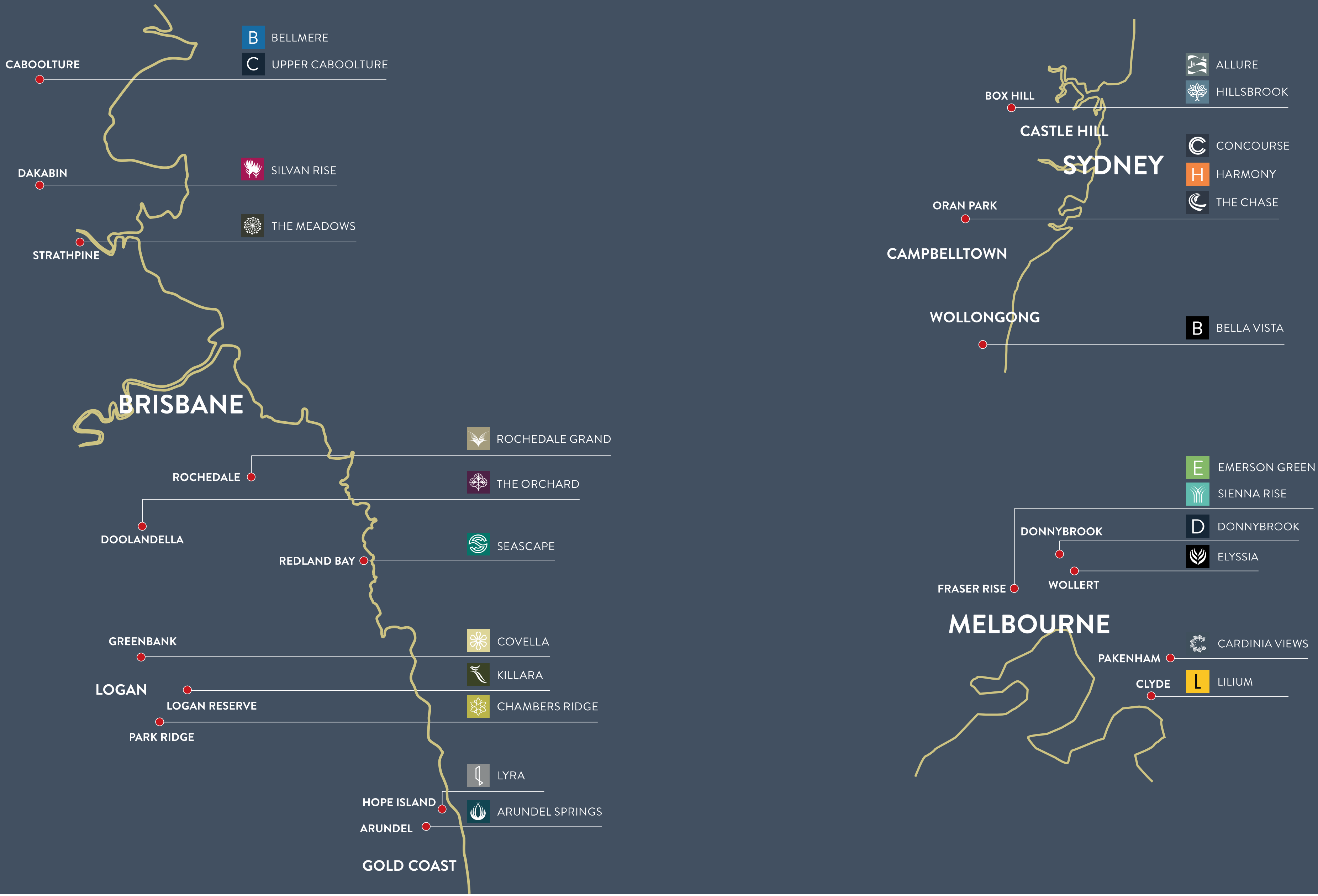
Significant QLD land bank continues to provide exposure to an improving market.

Strengthened VIC land bank being delivered through FY18 & FY19 benefitting from strong market.

NSW exposure predominantly through capital lite.

Longer term target - NSW 20% / QLD 40% / VIC 40% geographical mix - as cycles, markets and opportunities allow.

GROWTH



BELLMERE
UPPER CABOOLTURE
CABOOLTURE
DAKABIN
SILVAN RISE
THE MEADOWS
STRATHPINE
BRISBANE
ROCHEDALE GRAND
ROCHEDALE
THE ORCHARD
DOOLANDELLA
SEASCAPE
REDLAND BAY
GREENBANK
COVELLA
KILLARA
LOGAN
LOGAN RESERVE
CHAMBERS RIDGE
PARK RIDGE
LYRA
HOPE ISLAND
ARUNDEL SPRINGS
ARUNDEL
GOLD COAST
ALLURE
HILLSBROOK
BOX HILL
CASTLE HILL
CONCOURSE
SYDNEY
HARMONY
THE CHASE
ORAN PARK
CAMPBELLTOWN
WOLLONGONG
BELLA VISTA
EMERSON GREEN
SIENNA RISE
DONNYBROOK
DONNYBROOK
ELYSSIA
WOLLERT
FRASER RISE
MELBOURNE
CARDINIA VIEWS
PAKENHAM
CLYDE
LILIUM

1H18 RESULTS

PROFIT & LOSS

1H18 net profit after tax of $17.3m, within 1H18 guidance range.

EPS of 13.6 cps[1].

Business performance:

- Revenue[2] of $202.2m with 619 wholly owned lots[3] settled
- Gross margin of $49.6 m or 24.5%, within the guidance range of 24-26%, with an increased portion of capital lite projects contributing to profit.
- Revenue from joint ventures of $8.7m, including $7.3m opportunity fee from the Wollert JV. Ongoing revenue stream.
- Ongoing strong carried forward sales[4] of $207.4m (610 lots).
- Anticipating a stronger 2H18.

Fully franked final dividend[5] of 8.0cps, with guidance of at least 18.5cps in total for the full year. Compelling yield[6] of 7.1%. Dividend policy of 50-75% of annual NPAT, paid semi annually.

	1H18 ($m)	1H17 ($m)	△%
Revenue	**202.2**	**209.4**	**-3%**
Gross Margin	**49.6**	**54.7**	**-9%**
Gross Margin (%)	***24.5%***	***26.1%***	
Revenue from Joint Ventures and Associates	**8.7**	**1.9**	**359%**
- Development and project management fee	8.0	1.0	
- Share of profits	0.7	0.9	
EBITDA	**28.4**	**32.2**	***-12%***
Statutory net profit before tax	**24.9**	**28.0**	**-11%**
Tax Expense	(7.6)	(8.4)	
Statutory net profit after tax	**17.3**	**19.6**	**-12%**

	1H18	1H17	△%
EPS	**13.6**	**17.4**	**-22%**
Dividend (cps) fully franked	**8.0**	**8.0**	**0%**

[1] Basic earnings per share based on weighted average shares on issue of 126,926,266 (1H17: 112,728,788).
[2] Excludes contribution from JV's and associates
[3] Total lots settled in 1H18 was 630. 619 wholly owned lots contributed to revenue
[4] Total sales value (including GST) for conditional and unconditional contracts not yet recognised a revenue, inclusive of proportional share of joint ventures.
[5] Ex-dividend date 8 March 2018; Record date 9 March 2018; Payment date 30 March 2018
[6] Based on share price of $2.59 at 12 February 2018.

OPERATING PERFORMANCE

Flagship projects contributed to 1H18 sales of 715 lots.

Solid position across all customer segments – the core being the retail market (comprising owner occupier including first home buyers), as well as builders and local investors. International investors continued to represent less than 5% of sales.

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

Revenue mix remains weighted towards house and land – 66% (1H17: 66%).

QLD and NSW remains the main contributor to revenue – 76% (1H17: 84%).

Average revenue per lot is reflective of product mix.

Strong (like for like) price growth was achieved at *Seabright, Lavinia* and *Sienna.*

$207.4m sales carried forward into 2H18 (610 lots) (FY17: $175.7m; 526 lots)[1].

[1]*Total sales value (including GST) for conditional and unconditional contracts not yet recognised a revenue, inclusive of proportional share of joint ventures. $76.3m (218 lots) due to settle in 2H18, and balance of $131.1m (392 lots) in FY19.*

Performance	1H18	1H17	Change	
Sales (lots)[1]	**715**	**673**	▲	6%
Mean rate of sale pcm - HY	**119**	**112**	▲	6%
Number of projects contributing to profit	**20**	**19**	▲	5%
Settlements (# lots)[2] - inc. Joint Ventures	**630**	**592**	▲	**6%**
Settlements (# lots) - ex. Joint Ventures	619	576	▲	7%
- House and Land (# lots)	326	306	▲	7%
- Land Only (# lots)	293	269	▲	9%
- Englobo Sale (# lots)	0	1		
- House and Land (%)	**53%**	**53%**		
- Land Only (%)	**47%**	**47%**		
Revenue - property sales ($m)	**202.2**	**209.4**	▼	**-3%**
- House and Land ($m)	133.1	138.7	▼	-4%
- Land Only ($m)	69.1	68.5	▲	1%
- Englobo ($m)	0	2.2		
- House and Land (%)	**66%**	**66%**		
- Land Only (incl englobo) (%)	**34%**	**34%**		
Revenue - property sales ($k/Lot)[3]	**326.8**	**360.4**	▼	**-9%**
- House and Land	408.0	453.3	▼	-10%
- Land Only (ex englobo)	236.3	254.7	▼	-7%

[1] Sales - executed contracts, not necessarily unconditional.

[2]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.

[3]Excludes englobo sale.

BALANCE SHEET AND CAPITAL MANAGEMENT

Flexible and diverse funding profile:

- $190m senior debt facility (with ANZ and Westpac), with a long term, staggered maturity profile. ANZ ($140m facility) staggered through to March 2022. Westpac ($50m facility) maturing in March 2019. Envisaged extension to 2021.
- $50m simple corporate Bond maturing in April 2022.

Balance Sheet remains strong:

- Net debt of $134.9 m
- Undrawn facility of $68.6 m and strong cash flows
- Gearing of 25.7%, within target range of 15-30%.
- Debt and Bond covenants remain comfortably within limits

NTA of $2.31 prior to the declaration of the final dividend (8cps).

Balance Sheet	1H18 ($m)	FY17 ($m)
Assets		
Cash	20.5	7.7
Receivables	56.2	52.6
Inventories	429.2	478.0
Investments accounted for using the equity method	24.0	24.9
Other	14.5	14.5
Total Assets	**544.4**	**577.7**
Liabilities		
Trade and other payables	54.1	49.9
Land acquisitions payable	30.6	139.3
Interest bearing liabilities	155.3	81.5
Other	11.7	19.3
Total Liabilities	**251.7**	**289.9**
Net Assets	**292.7**	**287.7**
Net tangible assets	**292.7**	**287.7**
NTA ($ / Share)	***2.31***	***2.27***
Net Debt	134.9	73.8
Net Debt : Equity (%)	46.1%	25.6%
Gearing[1,2]	25.7%	12.9%
Secured Gearing Ratio[3]	16.20%	4.20%
Look Through Gearing[4]	25.60%	12.9%
Interest Cover[5]	5.95 x	7.77 x
Capitalised borrowing costs (% of Inventory)	3.30%	2.43%

[1] (Interest bearing liabilities - cash)/(Total assets - cash)

[2] Limitation on debt incurrence covenant under the Bond issue. Limit of 50%.

[3] Negative pledge (secured gearing ratio) under the Bond issue. Limit of 40%.

[4] Gearing when joint ventures are proportionally consolidated.

[5] Interest Cover = EBITDA / net cash interest (per Club facility)

CASH FLOW

Business generating solid operating cash flows

- 1H18 net operating cash flow (before land acquisitions) of $92.8m
- Cash land payments of $111.9m to restock the portfolio (acquisitions contracted in prior period)
- Strong interest cover of 5.95 x

Strong cash flow from operating activities enabled the Company to:

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

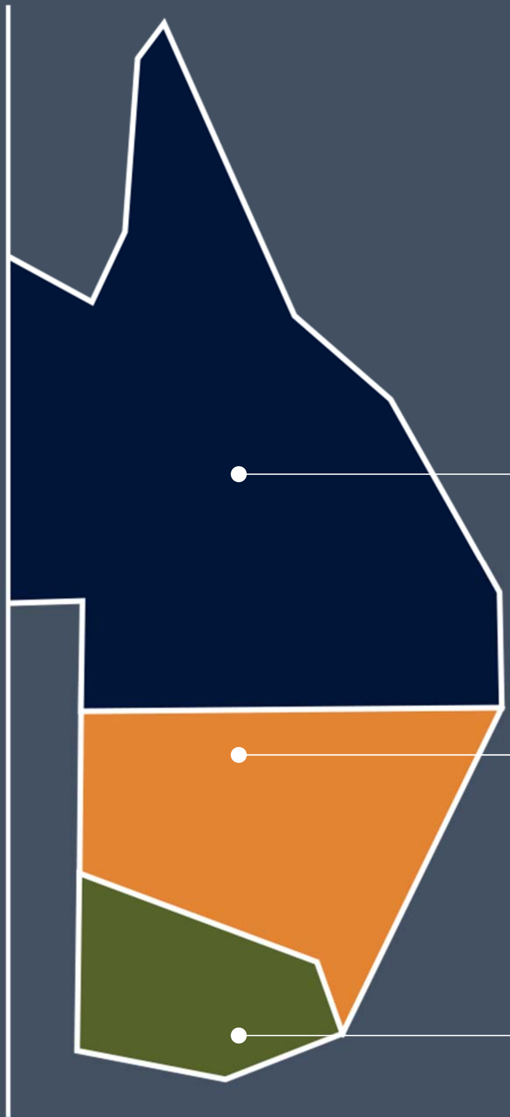
	1H18 ($m)	1H17 ($m)
Cash flows from operating activities		
Receipts from customers (inc. GST)	213.0	249.8
Receipts from the transfer of development rights	18.9	0.0
Payments to suppliers and employees (inc. GST)	(139.1)	(132.5)
Cash generated from operating activities	**92.8**	**117.3**
Payments for land acquired	(111.9)	(66.6)
Net Interest paid	(3.7)	(2.8)
Borrowing costs	0.0	(0.0)
Corporate Tax Paid	(15.4)	(8.5)
GST (Paid) / Refund	(3.1)	(5.1)
Net cash inflow / (outflow) from operating activities	**(41.3)**	**34.3**
Net cash (outflow) / inflow from investing activities	**(6.5)**	**(3.0)**
Cash flows from financing activities		
Net borrowings (repaid) / drawn	64.0	(17.8)
Proceeds from issue of share capital (net of costs)	0.0	4.1
Payments for shares acquired by Employee Share Scheme Trust	(0.0)	(0.4)
Dividends paid	(13.4)	(11.4)
Net cash (outflow) / inflow from financing activities	**50.6**	**(25.5)**
Net increase in cash and cash equivalents	**2.8**	**5.8**
Cash & cash equivalents at the beginning of the financial year	7.7	8.4
Cash & cash equivalents at the end of half year	**10.5**	**14.1**

MARKET CONDITIONS

MARKET FUNDAMENTALS

NATIONAL

Cash Rate	Inflation	Economic Growth	Population Growth	Unemployment Rate
1.5%	1.8%	2.8%	1.6%	5.4%



QLD	5.9%	1.6%	$20,000
NSW	4.7%	1.6%	$10,000
VIC	5.8%	2.3%	$10,000

Key drivers remain in place:

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

Source:
1 National Statistics – RBA Snapshot (6 December 2017)
2 State unemployment rates – Queensland Treasury, Labour Force, June 2017 (based on ABS 6202.0, released on 18 January 2018)
3 State population growth –Australian Demographic Statistics, Jun 2017 (based on ABS 3101.0, released on 14 December 2017)
4 FHB Grants - Queensland Treasury, Office of State Revenue New South Wales, State Revenue Office Victoria

FY18 OUTLOOK

2018 OUTLOOK

FY18 NPAT guidance of at least $41.6m, representing NPAT growth of 10%. EPS of 32.8 cps. (FY17: $37.8m; 32.5cps). The Company will continue to monitor product delivery and land title registration towards the end of 2H18 and will provide further update if necessary.

Guidance based on:

- Strong carried forward sales of $207.4m (610 lots), with 36% of contracts (218 lots worth $76.3m) expected to settle in 2H18 and the balance of $131.1m (392 lots) in FY19.
- Flagship project releases will make a significant contribution to in excess of 1,400 anticipated sales.
- Gross margin on wholly owned projects of 24 - 26%.
- Joint ventures to contribute $14.3m (comprising development fees and share of profit from Rochedale JV and Greenbank JV, as well as the Wollert opportunity fee).

Restocking – Selective acquisitions of projects to build pipeline beyond FY19. Expected cash outflow for acquisitions of $110-130m, plus $45m in capital lite in FY18.

Continued shareholder returns – FY18 dividend expected to be at least 18.5 cps fully franked (1H18 8cps; 2H18 expected dividend of at least 10.5 cps). Dividend payout policy of 50-75% of annual NPAT, paid semi annually.

Focus on delivering shareholder returns in the medium/long term - transition to a strong delivery phase positions the Company toward a very strong FY19, with a positive medium-term outlook underpinned by forecast earnings from the staged sale of the Donnybrook parcels contributing from FY20 through to FY23.

QUESTIONS

ANNEXURES

PORTFOLIO TABLE

Project Name	Region	Suburb	State	Product	Status	Calendar Year Acquired	1H18 Yield	1H18 Unsettled Lots	1H18 Contracted Lots	1H18 Unsold Lots	FY18	FY19	FY18 1H	FY18 2H	FY19 1H	FY19 2H	FY20 1H	FY20 2H	FY21 1H	FY21 2H	FY22 +	Starting Price
Queensland																						
Little Creek[1]	Regional QLD	Kirkwood	QLD	LO	Construction	2007	**688**	**394**	**1**	**393**	✓	✓										**LO $188k+**
Augustus[3]	Regional QLD	Hervey Bay	QLD	H&L	Construction	2005	**730**	**342**	**6**	**336**	✓	✓										**H&L $355k+**
Silvan Rise	N-Brisbane	Dakabin	QLD	H&L	Construction	2016	**109**	**92**	**14**	**78**	✓											**H&L $466k+**
Meadows	N-Brisbane	Strathpine	QLD	H&L	Construction	2015	**402**	**402**		**402**	✓	✓										**H&L $490k+**
[], Caboolture	N-Brisbane	Caboolture	QLD	LO	Planning[5]	2016	**291**	**291**		**291**												**LO $179k+; HL $400k+**
[], Bellmere	N-Brisbane	Bellmere	QLD	LO	Planning[5]	2017	**450**	**450**		**450**												**LO $180k+**
Seascape[1]	Bayside Brisbane	Redland Bay	QLD	LO TH	Construction	2015	**187**	**135**	**32**	**103**	✓	✓										**85 TH $448k+; 88 LO $267k+**
Rochedale Grand (contract build 100% VLW)	S-Brisbane	Rochedale	QLD	H&L Contract Build	Construction	2015	**167**	**83**	**24**	**59**	✓	✓										**$361k+**
Rochedale Grand (JV 50% share)	S-Brisbane	Rochedale	QLD	LO JV	Construction	2015	**84**	**35**	**9**	**26**	✓	✓										**LO $390k+**
Killara, Logan Reserve	Logan	Logan Reserve	QLD	LO	Construction	2016	**714**	**592**	**63**	**529**	✓	✓										**LO $196k+**
Covella (JV 50% share)	Logan	Greenbank	QLD	LO JV	Construction	2016	**751**	**751**	**3**	**748**	✓	✓										**LO $208k+**
Chambers Ridge	Logan	Park Ridge	QLD	H&L	Construction	2016	**300**	**300**	**2**	**298**	✓	✓										**H&L $429k+**
The Orchard[1]	SW-Brisbane	Doolandella	QLD	LO TH	Construction	2017	**149**	**149**	36	**113**	✓	✓										**116 LO $263k+; 33 TH $379k+**
Arundel Springs[1]	Gold Coast	Arundel	QLD	LO TH	Construction	2015	**391**	**317**	**8**	**309**	✓	✓										**306 LO $338k+; 85 TH $475k+**
Lyra[2]	Gold Coast	Hope Island	QLD	TH LO	Planning[5]	2017	**125**	**125**		**125**		✓										**110 TH $485k+; 15LO $550k+; 35H&L $495k+**
Subtotal - QLD (30 June 2017)							**5,538**	**4,458**	**198**	**4,260**												
Victoria																						
Essence	NE-Melbourne	South Morang	VIC	Englobo	DA	2016	**1**	**1**		**1**	✓											**TH $438k+**
Elyssia	N-Melbourne	Wollert	VIC	LO JV	Planning[5]	2016	**143**	**143**		**143**		✓										**LO $295k+**
Englobo parcel 1, under contract, Donnybrook (51% share)	N-Melbourne	Donnybrook	VIC	LO JV Englobo	Planning[5]	2015	**2**	**2**	**2 (conditional)**	**2**												**Under contract - timing subject to PSP**
Englobo parcel 2, under contract, Donnybrook (51% share)	N-Melbourne	Donnybrook	VIC	LO JV Englobo	Planning[5]	2015	**2**	**2**	**2 (conditional)**	**2**												**Under contract - timing subject to PSP**
Sienna Rise + Sienna North	NW-Melbourne	Plumpton	VIC	LO	Planning[5]	2014	**555**	**555**	**169**	**386**		✓										**LO $270k+**
Emerson Green	NW-Melbourne	Plumpton	VIC	H&L	Planning[5]	2017	**382**	**382**		**382**												**H&L $545k**
Cascades[2]	SE-Melbourne	Clyde	VIC	H&L LO	Construction	2006	**1,138**	**44**	**29**	**15**	✓	✓										**29 HL $476k+; 15 LO $300k+**
Lilium	SE-Melbourne	Clyde	VIC	LO	Planning[5]	2017	**413**	**413**	**73**	**340**		✓										**LO $270k+**
Subtotal - VIC (30 June 17)							**2,636**	**1,542**	**271**	**1,271**												
New South Wales																						
Harmony[4]	SW-Sydney	Cobbitty	NSW	H&L Cap Lite	Construction	2016	**10**	**6**	**2**	**4**	✓											**HL $709k+**
Concourse[4]	SW-Sydney	Oran Park	NSW	H&L Cap Lite	Construction	2016 ongoing	**48**	**34**	**8**	**26**	✓	✓										**HL $694k+**
The Chase (Development agreement @100%)	SW-Sydney	Oran Park	NSW	H&L	Construction	2016	**93**	**93**		**93**		✓										**HL $585k+**
Allure	NW-Sydney	Box Hill	NSW	H&L	Construction	2015	**44**	**44**	**2**	**42**	✓	✓										**HL $722k+**
Hillsbrook[2]	NW-Sydney	Box Hill	NSW	H&L LO	Planning[5]	2017	**32**	**32**		**32**		✓										**25 HL $775k+; LO $500k+**
Subtotal - NSW(30 June 17)							**227**	**209**	**12**	**197**												
Sold out / near sold out in 1H18																						
Bella Vista Estate	Illawarra NSW	Albion Park	NSW	LO	Construction	2016	**87**	**87**	**87**	**-**		✓										**LO $406k+**
Cardinia Views	SE-Melbourne	Pakenham	VIC	LO	Construction	2013	**320**	**26**	**26**	**-**	✓											**LO $183k+**
Other * (Affinity, Park Vista, Roxburgh, Exford, Emerald Park, Havens on Green, Seabright)			QLD		Construction		**913**	**27**	**16**	**11**	✓											
Subtotal - Near sold out; settling in FY18							**1,320**	**140**	**129**	**11**												
Total (all categories) (31 December 2017)[6]							**9,720**	**6,348**	**610**	**5,738**												

Notes:

[1] Predominantely land only.

[2] Predominantly house and land.

[3] The long term strategy at this project is to continue developing the land, with the balance sold as an englobo parcel when the market demand for the site presents itself.

[4] Contracted under Put and Call option. Land predominantly paid out of settlement proceeds from third party sales.

[5] Planning - Residential use allowed. Progressing with any necessary approvals from relevant authorities. Low risk.

[6] Projects completed in 1H18 - 84 settlements over 4 projects - Waterline, The Nest, Lavinia, Sienna.

CASH COMMITMENTS ON PROJECTS

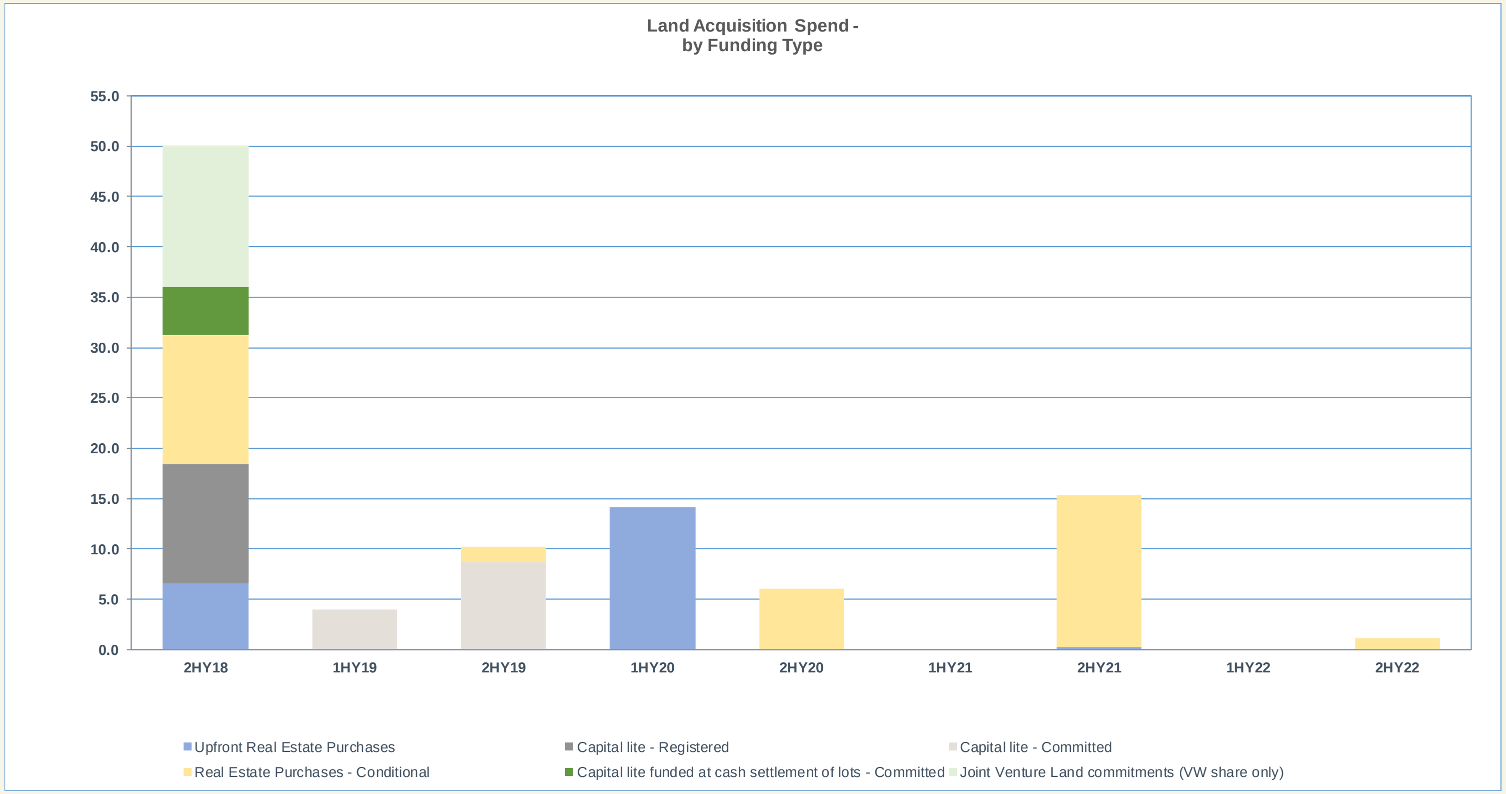
The adjacent chart shows $100.9 m in anticipated total cash outlay for land through to 2H21 comprising:

- $32.7 m[1] recorded as land acquisitions payable as at 31 December 2017
- $17.6 m in 'capital lite' acquisitions to be settled primarily through third party settlement proceeds not yet shown on the balance sheet as a payable as the land is not yet registered
- $36.6 m in real estate purchases committed
- $14.0 m in joint venture land commitments.

In total, the $100.9 m will be funded as follows:

- $83.3 m from operating cash flow and existing debt facilities
- $17.6 m funded from primarily third party settlement proceeds ("capital lite" model).

[1] Includes land acquisitions payable of $30.6 million as shown on the balance sheet, adjusted for NPV unwind of $2.1 million.

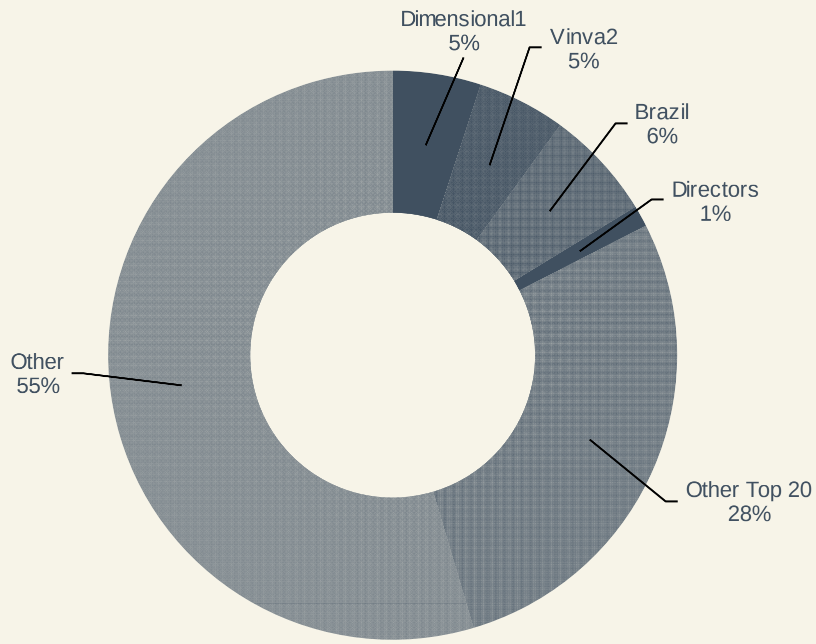


SHARE REGISTER

Broad, supportive shareholder base

- 45% of share held by Top 20 investors
- 25+ institutions on the share register

Shareholders at 31 December 2017



1 Dimensional Fund Advisors became a substantial shareholder on 26 Oct 17 (5.002%)

2 Vinva Investment Management became a substantial shareholder on 5 Sep 17 (5.02%)