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

Villa World tracking towards strong full year result

Leading residential property developer Villa World (ASX: VLW) is on track to deliver full-year forecast profit growth of at least 10% and has set the scene for even stronger performances ahead.

The Company today announced a \$17.3 million statutory profit after tax for the half-year to 31 December 2017, with \$207.4 million in sales contracts carried forward to settle across 2H18 and FY19.

The result was within the Company's guidance range of \$17 million - \$18 million and places Villa World on track to deliver its FY18 after tax profit forecast of at least \$41.6 million, which would represent growth of at least 10% over the FY17 result (EPS of at least 32.8cps (FY17: 32.5cps)).

Villa World CEO and Managing Director Craig Treasure said strong sales, along with new partnerships and earnings from joint ventures, had contributed to the half-year result and would deliver strong forecast earnings through FY19 as flagship projects continue to come online.

The staged sale of the Company's Donnybrook parcels (51% joint venture) in Victoria, will underpin forecast earnings from FY20 through to FY23.

Mr Treasure said: "We are on-script with the Company's longer term strategy to deliver consistent, through-the-cycle growth. We have also continued to deliver strong sales through our focus on Villa World's core markets."

The Company recorded a 6% increase in sales this half-year with 715 lots sold, compared to 673 in 1H17.

The Queensland market continues to shine for Villa World, contributing 63% of sales, with strong growth also recorded in the Victorian market, contributing 34% of sales off the back of new project releases including *Lilium*, at Clyde.

Mr Treasure said: "Having fully-stocked our land bank, Villa World is now very much in the delivery phase with flagship projects in Queensland and Victoria coming online.

We have also leveraged the Company's development and project management skills to take advantage of other income streams through joint ventures and other partnerships."

This included a new joint venture with Ho Bee Land Limited to develop a ~15.73ha site located in Wollert, 25km north of Melbourne CBD. Fee income from joint ventures contributed \$8.0 million to the 1H18 result (1H17: \$1.0 million) comprising a \$7.3 million fee from the Wollert JV and \$0.7 million project management fees from the Rochedale JV.

Villa World's strong half-year result is reflected in the Board's declaration of an interim dividend of 8.0 cents per share, targeting a full-year dividend of at least 18.5 cents per share fully franked - a strong 7% yield.

Villa World's net tangible assets at half year-end were \$292.7 million (FY17: \$287.7 million), representing \$2.31 per share (FY17: \$2.27), with gearing at 25.7%.

Established in 1986, Villa World is an ASX300 listed residential property developer, specialising in contemporary Australian homes and land, in master planned communities in east coast States.

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