

2 May 2019

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

AVID Revised Proposal recommended by VLW Board

Revised non-binding proposal received from AVID to acquire 100% of the shares in Villa World at \$2.345¹ per share by way of a scheme of arrangement.

Villa World directors intend to unanimously recommend the Revised Proposal, subject to the conditions described below.

AVID granted exclusive due diligence for a limited period to progress its Revised Proposal and facilitate a binding proposal.

Villa World Limited (ASX: VLW) (**Villa World** or the **Company**) advises that, further to its announcement dated 14 March 2019, it has received a revised indicative, conditional, incomplete and non-binding proposal from AVID Property Group Australia Pty Ltd (**AVID**) to acquire all of the shares in Villa World by way of a scheme of arrangement, for an increased offer price of \$2.345¹ per share (**Revised Proposal**). The Revised Proposal represents an increase of 11.5¢ per share relative to the previous proposal from AVID (**Prior Proposal**).

The cash price of \$2.345¹ per Villa World share represents:

- a 17.8% premium to the Villa World closing share price of \$1.99 on 14 March 2019, being the last closing price of Villa World shares prior to the announcement of the Prior Proposal;
- a 17.4% premium to the one-month volume weighted average price (VWAP) of \$2.00 per Villa World share up to 14 March 2019;
- a 25.1% premium to the three-month VWAP of \$1.88 per Villa World share up to 14 March 2019;
- a 5.2% premium to 31 December 2018 pro-forma NTA per Villa World share of \$2.23²; and
- a 5.2% increment (an increase of 11.5¢ per Villa World share) to the Prior Proposal.

The board of directors of Villa World (**Board**) has, together with its advisors, carefully reviewed the Revised Proposal. The Board considers that the Revised Proposal provides shareholders with certainty of value and the opportunity to realise a meaningful premium to the market value of their shares.

Accordingly, the directors of Villa World intend to unanimously recommend that shareholders vote in favour of the Revised Proposal (at the increased offer price of \$2.345¹ per share), subject to the parties entering into a binding scheme implementation agreement on terms consistent with the Revised Proposal and other market standard terms, in the absence of a superior proposal, and subject to an independent expert concluding (and continuing to conclude) that the Revised Proposal is in the best interests of Villa World shareholders.

The Board has granted AVID access to due diligence, exclusively on customary terms, for a limited period expected to expire around the middle of June 2019 to enable AVID to progress its Revised Proposal and facilitate a binding proposal.

¹ Under the terms of the Revised Proposal, the consideration will be reduced by the amount of any dividends or distributions paid by Villa World after the date of the Revised Proposal, but will not be reduced by the 1H19 dividend of \$0.08 per share paid on 2 April 2019.

² Adjusted for the 1H19 dividend of \$0.08 per share paid on 2 April 2019.

VILLA WORLD LIMITED

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The Revised Proposal remains subject to a number of conditions including AVID's completion of due diligence, and negotiation and execution of a scheme implementation agreement. Any scheme implementation agreement would also be subject to a number of further customary conditions as set out in the ASX announcement dated 14 March 2019.

There is no guarantee that the Revised Proposal will result in a transaction. Villa World shareholders do not need to take any action in relation to the Revised Proposal at this stage.

The Villa World Board will keep the market informed of any material developments in accordance with its continuous disclosure requirements.

Macquarie Capital (Australia) Limited is acting as financial adviser and Allens as legal adviser to Villa World.

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