



Villa World Limited (Company) ABN 38 117 546 326  
Villa World Trust (Trust) ARSN 104 482 206  
Villa World Management Limited ABN 77 116 506 882 AFSL 304866  
ASX Code: VLW

26 October 2011

## ASX Announcement

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### REPLACEMENT 2011 AGM MEETING DOCUMENTS

Villa World Group attaches a replacement Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form ("AGM Meeting Documents") for the Annual General Meeting scheduled for 22 November 2011.

These AGM Meeting Documents replace the Notice of Annual General Meeting dated 21 October 2011, Explanatory Statement and Proxy Form lodged with ASX on 21 October 2011.

There is no change to the AGM date, time or venue under the replacement AGM Meeting Documents.

These replacement AGM Meeting Documents correct an administrative error and a letter will be sent to securityholders shortly to provide further explanation.

#### Enquiries to:

Louse Edwards  
Company Secretary  
Villa World Limited  
[securityholder@villaworld.com.au](mailto:securityholder@villaworld.com.au)



# VILLA WORLD GROUP

Notice of Meetings and  
Explanatory Memorandum

Annual General Meeting and  
General Meeting of Villa World Limited  
ACN 117 546 326

Meeting of Members of  
Villa World Trust ARSN 104 482 206

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to be held concurrently at  
Panorama Suite, Gold Coast Arts Centre  
135 Bundall Road, Bundall QLD 4217

on Tuesday, 22 November 2011  
commencing at 10.00 am (Queensland time)

## CONTENTS

<b>1</b>	<b>Notice of Meetings</b>	<b>1</b>
<b>2</b>	<b>Voting and Proxies</b>	<b>3</b>
<b>3</b>	<b>Disclaimer and Important Notices</b>	<b>4</b>
<b>4</b>	<b>Explanatory Notes – AGM Resolutions</b>	<b>5</b>
	Item 1 Financial Statements and Reports	
	Item 2 Remuneration Report	
	Items 3-5 Election of Directors	
	Item 6 Buy-Back of Securities	
<b>5</b>	<b>Explanatory Notes – Corporatisation</b>	<b>9</b>
	5.1 Introduction	
	5.2 Directors’ Recommendation	
	5.3 Key Dates	
	5.4 Advantages of the Corporatisation	
	5.5 Disadvantages and risks of the Corporatisation	
	5.6 Questions and Answers	
	5.7 Corporatisation will be binding on all unitholders	
	5.8 Corporatisation transactions	
	5.9 Tax	
	5.10 Foreign Securities Laws and Ineligible Overseas Securityholders	
	5.11 Why is the Stapled structure no longer necessary	
	5.12 Explanation of the Corporatisation resolutions	
	5.13 Implementing the Corporatisation	
	5.14 Effect of the Corporatisation	
	5.15 Governance of Villa World Group	
	5.16 CHES	
	5.17 Costs	
<b>6</b>	<b>Villa World Group Overview and Financial Update</b>	<b>21</b>
	6.1 Distribution Policy	
	6.2 Financial information following the Corporatisation	
<b>7</b>	<b>Additional information</b>	<b>22</b>
	7.1 ASX Waivers	
	7.2 ASIC modifications/exemptions	
<b>8</b>	<b>Glossary</b>	<b>23</b>
	<b>Annexure A – Company Deed Poll</b>	<b>25</b>
	<b>Annexure B –Trust Supplemental Deed Poll</b>	<b>27</b>
	<b>Corporate Directory</b>	<b>33</b>

## 1 NOTICE OF MEETINGS

### Villa World Group

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Notice is given that the annual general meeting of Villa World Limited and a meeting of the members of the Villa World Trust (together 'Villa World Group') will be held concurrently at:

Panorama Suite, Gold Coast Arts Centre  
135 Bundall Road,  
Bundall, QLD, 4217  
on Tuesday, 22 November 2011 commencing at 10:00 a.m. (Queensland time)

This notice is issued by Villa World Limited ACN 117 546 326 ('Company') and Villa World Management Limited ACN 116 506 882, AFSL 304866 ('Responsible Entity') as responsible entity of the Villa World Trust ARSN 104 482 206 ('Trust').

### AGENDA

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The business to be considered at the meetings is as follows:

#### Financial Statements and Reports

1. To receive and consider the financial statements of the Company, the Trust and the Group for the financial year ended 30 June 2011 together with the statements and reports of the directors and the auditor accompanying them.

#### Remuneration Report (non-binding advisory vote)

To consider and, if thought fit, to pass the following non-binding ordinary resolution:

2. That the Remuneration Report for the year ended 30 June 2011 be adopted.

The Remuneration Report is contained within Note 29 of the notes to the financial statements, and commences on page 66 of the Annual Report.

#### Election of Directors

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

3. That Richard Anderson, who retires by rotation in accordance with rule 11.1(d) of the Company's constitution, is re-elected as a director of the Company.
4. That Troy Harry, who retires by rotation in accordance with rule 11.1(d) of the Company's constitution, is re-elected as a director of the Company.
5. That Alexander Beard who retires in accordance with rule 11.1(c) of the Company's constitution, is elected as a director of the Company.

Further detail on the qualifications, experience and expertise of each of the directors is provided in the Explanatory Memorandum.

#### Buy-Back of Securities

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company and the Trust:

6. That the Company and the Responsible Entity be authorised to acquire up to 7.94 million fully paid ordinary shares in the Company and fully paid ordinary units in the Trust (being approximately 10% of the Group's issued securities as at 14 October 2011 pursuant to an on-market buy-back in accordance with the requirements of the ASX Listing Rules and the Corporations Act.

Further detail is provided in the Explanatory Memorandum. If this resolution and resolutions 7, 8, 9 and 10 are all passed by the requisite majorities, no buy-back under this resolution will occur at least until the Corporatisation contemplated by resolutions 7, 8, 9 and 10 has been implemented.

#### Approval of the de-stapling of Company Shares and Trust Units

To consider and, if thought fit, to pass the following as a special resolution of the Trust and the Company:

7. That, subject to Resolutions 8, 9 and 10 being passed, in accordance with clause 21.3 of the constitution of Villa World Trust ("Trust") and clause 18.5 of the constitution of Villa World Limited ("Company") the Stapling provisions of the constitution of the Company and the Stapling provisions of the constitution of the Trust will cease to apply on and from the Trust Scheme Implementation Date (as defined in the Explanatory Memorandum accompanying this Notice of Meetings convening the meetings) which is to be the Unstapling Date for the purposes of the constitutions of the Company and the Trust.

Further detail is provided in the Explanatory Memorandum.

#### **Amendment to Trust Constitution**

To consider and, if thought fit, to pass the following as a special resolution of the Trust, in accordance with section 601GC (1) (a) of the Corporations Act:

8. That, subject to and conditional on Resolutions 7, 8 and 10 being passed, that the constitution of Villa World Trust ("Constitution") be amended in accordance with the provisions of the supplemental deed poll in the form tabled at the meetings (and annexed to the Explanatory Memorandum accompanying this Notice of Meeting convening the meetings) and initialed by the Chairman for the purposes of identification ("Supplemental Deed Poll"), and that Villa World Management Limited is authorised to execute the Supplemental Deed Poll and lodge it with the Australian Securities and Investments Commission to give effect to the amendments to the Constitution.

Further detail is provided in the Explanatory Memorandum.

#### **Acquisition Resolution**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Trust:

9. That, subject to and conditional on Resolutions 7, 8 and 10 being passed, that the unitholders of the Villa World Trust approve for the purposes of Section 611 item 7 of the *Corporations Act 2001* (Cwlth), the acquisition of all the units of the Villa World Trust by Villa World Limited as set out in the Explanatory Memorandum accompanying the Notice of Meetings convening the meeting.

Further detail is provided in the Explanatory Memorandum.

#### **Resolution to Effect the Share Consolidation**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

10. That, subject to and conditional on Resolutions 7, 8 and 9 being passed, on the Consolidation Date (as defined in the Explanatory Memorandum accompanying this Notice of Meeting convening the meetings) a share consolidation process takes place where, on consolidation:
  - (a) the then issued share capital of Villa World Limited ("Company") be consolidated through the conversion of every 2 fully paid ordinary shares in the Company into one fully paid ordinary share in the Company; and
  - (b) where the consolidation of the Company's share capital results in a shareholder having a fractional entitlement to an ordinary fully paid share in the Company, that fractional entitlement will be rounded as set out in section 5.10 of the Explanatory Memorandum accompanying the Notice of Meetings convening this meeting.

Further detail is provided in the Explanatory Memorandum.

DATED: 21 October 2011

By order of the Boards of Villa World Limited and Villa World Management Limited



Louise Edwards  
Company Secretary

## 2 VOTING AND PROXIES

### Members entitled to vote

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The Directors of the Company and the Responsible Entity, as responsible entity of the Trust, have determined that, for the purposes of the meetings and pursuant to regulation 7.11.37 of the *Corporations Regulations 2001*, shares and units will be taken to be held by the persons who are registered as members as at **7.00 pm** (Queensland time) on **Sunday, 20 November October 2011**. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the meetings.

### Voting

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The proposed resolutions are resolutions of the Company and the Trust.

The voting on the proposed resolutions will be by a show of hands, unless a poll is required under the Corporations Act or ASX Listing Rules or one is demanded. As special resolutions of the Trust, the voting on resolutions 7 and 8 must be decided on a poll.

On a show of hands each Member present in person and each other person present as a proxy, attorney or representative of a Member has one vote.

On a poll for a resolution of the Company each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or representative of a Member has one vote for each fully paid share held by the Member that the person represents. On a poll for a resolution of the Trust each Member present in person has one vote for each dollar of the value of the total units held by the Member and each person present as proxy, attorney or representative of a Member has one vote for each dollar of the value to total units held by the Member that the person represents.

If a Stapled Security is held jointly and more than one Member votes in respect of that Stapled Security, only the vote of the Member whose name appears first in the Register of Members counts.

### Voting exclusions

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A vote must not be cast (in any capacity) on Resolution 2 by or on behalf of the Company's key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report ("KMP") or their closely related parties, whether as a securityholder or as a proxy. However, a vote may be cast on Resolution 2 by a KMP, or a closely related party of a KMP, if:

- (a) the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 2; and
- (b) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

The Chairman of the Meeting is not permitted to vote undirected proxies on Resolution 2. If you appoint the Chairman of the Meeting as your proxy, and you do not provide a voting direction in respect of Resolution 2 on the proxy form but you check the

box directing the Chairman to vote in accordance with the Chairman's voting intentions (being to vote in favour of Resolution 2), you will be deemed to have directed the Chairman of the Meeting to vote in favour of Resolution 2. If you do not provide a voting direction in respect of Resolution 2 or check the box directing the Chairman to vote in accordance with the Chairman's voting intentions your vote will not be counted.

In accordance with item 7 of section 611 of the *Corporations Act*, the Responsible Entity must disregard votes cast in favour of resolution 9 by the Company and its associates (which will include the directors and secretaries of the Company and its subsidiaries, including the Responsible Entity).

In accordance with section 253E of the Act, the Responsible Entity and its associates will not be entitled to vote their interest on Resolutions 7, 8 and 9 as they have an interest in those Resolutions other than as a member of the Trust. Accordingly, the Responsible Entity will disregard any votes cast on those Resolutions by the Responsible Entity or its associates. However, the Responsible Entity will not disregard votes cast as proxies if the appointment specifies the way in which the proxy is to vote and the proxy votes in that way.

In accordance with section 253E of the Act, the Responsible Entity and its associates will not be entitled to vote their interest on Resolution 6 if they have an interest in that Resolution other than as a member of the Trust in which case the Responsible Entity will disregard any votes cast on that Resolution by the Responsible Entity or its associates. However, the Responsible Entity will not disregard votes cast as proxies if the appointment specifies the way in which the proxy is to vote and the proxy votes in that way.

### Quorum

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The constitution of the Company provides that 5 members present personally or by representative, attorney or proxy shall be a quorum for a general meeting. The constitution of the Trust provides that a quorum for a meeting of unitholders considering an ordinary resolution is 2 unitholders present in person or by proxy.

### Corporations

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A corporation which is a Member may elect to appoint a representative in accordance with section 250D of the *Corporations Act 2001* in which case the Villa World Group will require written evidence of the representative's appointment which must be lodged with or presented to the Villa World Group before the meeting. A corporation which is a Member may appoint a proxy.

### Voting by proxy

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1. A Member entitled to attend and vote at a meeting of Members may appoint:
  - (a) a person\*; or
  - (b) if the Member is entitled to cast two or more votes at the meeting, two persons\*, as the Member's proxy or proxies to attend and vote for the Member at the meeting.

\* A "person" appointed as a proxy need not be a Member, and may be an individual or a body corporate.

If the "person" appointed is a body corporate, the body corporate may in turn appoint an individual to exercise the body's powers. A proxy may be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").

2. If the Member appoints two proxies and the instrument does not specify the proportion or number of the Member's votes, each proxy may exercise half of the votes. Please use a separate proxy form for each appointment of a proxy.
3. The Group must receive **at least 48 hours before the meeting**:
  - (a) the proxy's appointment; and
  - (b) if signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.

#### **Proxy forms**

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To ensure that all Members can exercise their right to vote on the proposed Resolutions, a Proxy Form is enclosed.

A Proxy Form may be returned in the reply paid envelope provided.

Alternatively, you may forward your completed Proxy Form by fax or post to:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Fax: 1800 783 447 (within Australia)  
Fax: +61 3 9473 2555 (outside Australia)

#### **Queries**

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If you have any queries on the proxy form or on how to ensure that your vote is exercised then call the Share Registry during business hours on:

Phone: 1300 552 270 (within Australia)  
Phone: +61 3 9415 4000 (outside Australia)

#### **Submission of written questions to the Company, Responsible Entity or Auditor**

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A member who is entitled to vote at the meeting may submit written questions to the Company, Responsible Entity or auditor in advance of the meeting:

- (a) about the business of the Company or Trust;
- (b) about Villa World Group's annual report;
- (c) if the question is directed to the auditor provided it relates to:
  - (i) the content of the auditor's report to be considered at the meeting;
  - (ii) the conduct of the audit or the auditor's independence; or

- (iii) the accounting policies adopted by GEO Property Group in relation to the preparation of the financial statements.

Any written questions must be submitted to the Company Secretary via:

Email: securityholder@villaworld.com.au  
Fax: +61 7 5588 8800  
Post: PO Box 7720, GCMC Bundall, QLD 9726

to be received no later than the fifth business day before the date of the meeting.

The Explanatory Memorandum forms part of this Notice of Meeting.

### **3 DISCLAIMER AND IMPORTANT NOTICES**

This Explanatory Memorandum is given by Villa World Limited ("**Company**") and Villa World Management Limited (as the "**Responsible Entity**" of the Villa World Trust ("**Trust**") (together, the "**Villa World Group**") to Securityholders. "**Securityholders**" are the holders of a Company Share stapled to a Trust Unit.

This Explanatory Memorandum is dated 21 October 2011.

#### **Defined Terms and other references**

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Certain capitalised terms used in the Explanatory Memorandum are defined in the Glossary contained in Section 8 of the Explanatory Memorandum. Certain other terms are defined within the text of the Explanatory Memorandum where textual context is required, or in the text of the Notice of Securityholders' Meetings annexed to this Explanatory Memorandum at Annexure C.

All references to \$ refer to Australian dollars, except where otherwise stated.

Unless stated otherwise, references to time are to Australian Eastern Standard Time, being the time in Queensland, Australia.

Unless stated otherwise, all amounts or values are calculated as at 14 October 2011.

#### **Investment decisions**

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This Explanatory Memorandum does not take into account the individual investment objectives, financial situation or particular needs of each Securityholder. You should consider seeking independent financial and taxation advice before making any decision or taking any step in relation to the Corporatisation Resolutions.

#### **Forward looking statements**

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Some statements in this Explanatory Memorandum are in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements and statements in the nature of forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control the Villa World Group and cannot

be predicted by the Villa World Group and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry and markets in which the Villa World Group and its related bodies corporate and/or joint-ventures and associated undertakings operate. They also include general economic conditions, acts of terrorism, health epidemics, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised.

Although the Villa World Group believes that the expectations reflected in any forward looking statements included in this Explanatory Memorandum are reasonably based, no assurance can be given that such expectations will prove to have been correct. Actual outcomes may differ materially from the events or results expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement in this Explanatory Memorandum.

None of the Villa World Group or its officers, or persons named in this Explanatory Memorandum with their consent or any person involved in the preparation of this Explanatory Memorandum makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Explanatory Memorandum reflect views held only as at the date of this Explanatory Memorandum.

### **Privacy and personal information**

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The Villa World Group and its registry, Computershare, will need to collect and share personal information to implement the Corporatisation. The personal information may include the names, dates of birth, addresses, other contact details, bank account details and the details of the holdings of Securityholders, and the names of individuals appointed by Securityholders as proxies, corporate representatives or nominees at the Securityholders' Meetings.

The collection of some of this information is required or authorised by the Corporations Act. Securityholders who are individuals and other individuals in respect of whom personal information is collected as outlined above have certain rights to access and correct the personal information collected in relation to them, and can contact Computershare Investor Services on 1300 552 270 (callers in Australia) or +61 3 9415 4000 (callers outside Australia) if they wish to exercise those rights.

The personal information is collected and shared for the primary purpose of assisting the Villa World Group to implement the Corporatisation and conduct the Securityholders' Meetings. The personal information may be disclosed to the unit and security registries of the Villa World Group, third

party service providers (including print and mail service providers), authorised securities brokers and professional advisers and to the ASX and other regulatory authorities, and where disclosure is required or allowed by law or where the individual has consented. Personal information may also be used to call Securityholders in relation to the Corporatisation.

Securityholders who appoint an individual as their proxy, attorney, corporate representative or nominee to vote at the Securityholders' Meetings should ensure they inform such an individual of the matters outlined above.

### **Foreign Securityholders**

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#### ***New Zealand***

The new Company Shares that are to be issued under the Corporatisation to Shareholders with registered addresses in New Zealand are being issued pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Under the Corporatisation, no new Company Shares may be offered or issued to the public within New Zealand and no member of the public in New Zealand may accept new Company Shares, other than persons, being existing holders of Shares in the Company, to whom it is permissible for the Corporatisation to be extended in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002).

#### ***Samoa***

New Company Shares will only be issued under the Corporatisation to Shareholders with registered addresses in Samoa that fall within either or both of the following categories:

- international companies or any other entity incorporated or registered in Samoa's offshore jurisdiction (international partnerships, international trusts and international banks) under the *International Companies Act 1988* (Samoa); and
- a company or other body corporate incorporated in Samoa under the *Companies Act 2001* (Samoa), or an unincorporated body of persons but only if:
  - the entity or body of persons is an entity/body of persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
  - the entity or body of persons is a relative or close business associate of the Company.

#### ***Other jurisdictions***

All Securityholders with a registered address in a place other than Australia, New Zealand or Samoa, or with a registered address in Samoa but where they are not an Eligible Samoan Securityholder, will be Ineligible Overseas Securityholders and will not be entitled to receive new Company Shares under the Corporatisation. The treatment of Ineligible Overseas Securityholders is set out in section 5.10 of this Explanatory Memorandum.

## 4 EXPLANATORY NOTES – AGM/GM RESOLUTIONS

### Item 1 - Financial Statements and Reports

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The *Corporations Act 2001* requires that the report of the directors, the auditor's report and the financial report be laid before the Annual General Meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of members at the Annual General Meeting on such reports or statements. However, members will be given ample opportunity to raise questions with respect to these reports and statements at the meeting or in relation to the reports and statements for the Trust and the Villa World Group.

### Item 2 - Remuneration Report

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The *Corporations Act 2001* requires that the section of the directors' report dealing with the remuneration of Directors, the Company Secretary and up to 5 senior executives ("Remuneration Report") be put to a vote of members for adoption by way of a non-binding resolution. The Remuneration Report is found on Page 61 of the 2011 Annual Report.

This resolution is advisory only and does not bind the Directors of the Company. However, under changes to the *Corporations Act 2001* which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the AGM, and then again at the 2012 AGM, the Company will be required to put to Securityholders at the 2012 AGM a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company ('*spill resolution*').

If more than 50% of Securityholders vote in favour of the spill resolution at the 2012 AGM, the Company must convene the extraordinary general meeting ('*spill meeting*') within 90 days of the 2012 AGM. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Chair will give members a reasonable opportunity to ask questions about, or to make comments upon, the Remuneration Report before the resolution is put to the vote.

### Items 3 - 5 - Election of Directors

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Under rule 11.1(d) of the constitution of the Company, where there are five or less Directors (after excluding the Managing Director and Directors appointed as an addition to the existing Directors or to fill a casual vacancy), then two of the remaining Directors must retire from office. Accordingly, each of Richard Anderson and Troy Harry has offered to retire by rotation as a director of the Company at the AGM and, being eligible, offer themselves for re-election. Biographical details for each director retiring and offering themselves for re-election are provided below.

### **Richard Anderson OAM, B. Com, FCA, FCPA, Independent Chairman**

Richard is a Chartered Accountant, and formerly a partner of PricewaterhouseCoopers and was the firm's Managing Partner in Queensland and a member of the firms' National Committee. He is also a Past President of CPA Australia (Queensland Division).

Richard was appointed non-executive Chair of Data #3 Limited in 2001, non-executive director of Namoi Cotton Co-operative Limited in 2001 and a non-executive director of Lindsay Australia Limited in 2001. He is also President of the Guide Dogs for the Blind Association of Queensland.

Richard has been a non-executive director of Villa World Limited (including prior to it becoming part of the Villa World Group) since September 2002.

Richard Anderson owns 51,091 Villa World Group Securities.

### **Troy Harry, B. Bus, Non-Executive Director**

Troy has been involved in stockbroking and investment management for 18 years, spending over five years at ABN AMRO Morgan in Brisbane, before establishing his own business, Trojan Investment Management Pty Ltd in 2003. He has experience in financial analysis, modelling and structuring and in advising and managing investment companies. Troy is currently the Managing Director of Trojan Equity Limited, an investment company listed on ASX.

Troy Harry has been a non-executive director of Villa World Group since 26 February 2009.

Troy Harry indirectly owns 900,000 Villa World Group Securities.

Under rule 11.1(c) of the constitution of the Company, Alexander Beard who was appointed by the Directors during the year, is required to retire at the end of the meeting. Alexander Beard being eligible presents himself for election.

### **Alexander (Sandy) Beard, B.Com FCA, Non-executive Director**

Alexander (Sandy) Beard has been a Director of Villa World Group since April 2011.

Sandy is the Managing Director of CVC Limited and an experienced financier of growth companies as well as having gained considerable industry experience through his investee board roles. CVC has been an active participant in the property sector, undertaking investments ranging from pure development to passive financing positions.

He is also Director of CVC Property Fund, Amadeus Energy Limited and Mnet Group Limited, and Chairman of Cellnet Group Limited.

Sandy is a Chartered accountant, holds a Bachelor of Commerce from the University of New South Wales, and is a Fellow of the Institute of Chartered Accountants and a Member of the Institute of Company Directors.

CVC Limited owns 14.93% of the issued capital of Villa World Group.

## Recommendation

The Board (other than Richard Anderson, Troy Harry and Sandy Beard in relation to their own re-election) unanimously recommends that securityholders vote in favour of Resolutions 3, 4 and 5.

## Item 6 – Extension of On-market Buy-back

### Corporatisation and the Buy-back

The Corporatisation (as described in section 5 of this Explanatory Memorandum) and the buy-back the subject of resolution 6 are unrelated. The buy-back may proceed whether or not the Corporatisation Resolutions are passed.

If the Corporatisation Resolutions are passed by the requisite majorities, and the Corporatisation is implemented, the Group's securities that are quoted on the ASX will be Company Shares. In this case, the buy-back will be in respect of Company Shares.

If the Corporatisation is not implemented, for whatever reason, the Group's securities that are quoted on the ASX will continue to be stapled securities (i.e. Villa World Group Securities as defined in the Glossary). In this case, the buy-back will be in respect of Villa World Group Securities.

In this section of the Explanatory Memorandum "Group securities" or just "securities" means either Villa World Group Securities or Company Shares, as applicable depending on whether or not the Corporatisation has been implemented.

If the Corporatisation is implemented, no Group securities will be bought back at least until the Corporatisation has been implemented.

### Capital Management Programme

Villa World Group's continuing focus is to manage its capital so as to achieve the most efficient capital structure and optimise value for securityholders.

This resolution, which is proposed pursuant to the requirements of sections 257C(1) and 601KH(8) (as inserted by ASIC Class Order 07/422) of the Corporations Act, proposes that securityholders refresh the Group's flexibility to buy back up to 7.94 million securities on market (representing 10% of the securities on issue and quoted on the ASX as at 14 October 2011 under an extension of Villa World Group's ongoing on market buy back announced on 28 June 2011 (the 'Buy-back'). If approved, the Buy-back will extend the Group's ability to buy back securities (should it wish to do so) by expressly authorising the Buy-back of up to 7,940,000 ordinary securities on market over the 12 months following the 2011 Annual General Meeting, without the need to convene a further general meeting of securityholders.

No final decision has been made as to whether or not to continue the Buy-back or, if the Buy-back is continued, on the number of Securities to be bought-back. There is no certainty that even if this resolution is passed that further Securities will be bought back. This resolution is being put forward to provide the Board with the flexibility to buy-back up to 7,940,000 Securities if it decides that doing so is in the best interests of the Group and Group securityholders and is in accordance with the terms of the Group's financing facilities. The Group's

financing facilities include financial covenants which are broadly in line with other property development businesses of a similar size and include a specific share buy-back covenant based on a net profit after tax hurdle.

In common with many listed real estate and property development companies, the market price of the Group's securities has tended to trade below its net tangible asset value per securities (NTA). The Group therefore believes that such additional flexibility in being able to acquire securities on-market will support its goals of achieving the most efficient capital structure possible, optimising value for securityholders where the securities are trading below their NTA value, and to facilitate a more active market in the Group's securities.

In considering whether or not to buy-back securities, the Group will consider whether a buy-back is the best way to return excess funds to securityholders, having regard to alternatives such as dividends and/or distributions and having regard to the tax effectiveness of paying a dividend and/distribution for securityholders.

### Reason for securityholder approval

Section 257C(1) and 601KH(8) (as inserted by ASIC Class Order 07/422) of the Corporations Act require that the terms of the Buy-back be approved by an ordinary resolution passed at a general meeting of the Company and the Trust, respectively, if the number of votes attaching to voting securities proposed to be bought back (together with all other voting securities bought back over the previous 12 months) would exceed 10% of the smallest number of votes attaching to voting securities which were on issue at any time in that previous 12 months (the '10/12 Limit').

At the time the Buy-back was announced, and throughout the 12 month period prior to that announcement, Villa World had 85,373,700 Securities on issue (post-consolidation in July 2011). Accordingly, the 10/12 Limit allowed Villa World to buy-back 8,537,370 Securities within a 12 month period.

Since the Group announced the Buy-back in June 2011, as at the date of this notice of meetings a total of 5,894,628 Securities, representing approximately 6.9% of the Group's issued securities, have been bought back, at a value of \$4.92 million. Under the 10/12 Limit this allows the Group to acquire a further 2,642,742 Securities during the remaining 8 month period. If the resolution in item 6 is passed, the Group will be able to buy-back up to 7,940,000 securities within the next 12 months.

Specifically, item 6 seeks approval to effectively refresh and extend the 10/12 Limit for the Group by expressly authorising the Group to buy-back up to 10% of the securities on issue and quoted on the ASX (as at 14 October 2011) on market over the 12 months following the 2011 Annual General Meeting (without any further restriction based on securities previously bought back).

If this resolution is not approved, the Group's ability to acquire a further 10% of the securities will refresh from July 2012 (subject to the 10/12 limit) in accordance with the Corporations Act (including as modified by ASIC Class Order 07/422) and the ASX Listing Rules.

## Terms of the Buy-back

An on-market buy-back allows the Group to buy back securities over time, depending on market conditions and prices. Any such on-market buybacks would occur in accordance with the ASX Listing Rules. The Listing Rules provide that the price at which Villa World Group buys back securities on-market must not be more than five per cent above the average market price (as that term is defined in the Listing Rules) over the last five days on which sales were recorded on the ASX before the day on which securities are to be bought back. Any purchases would occur on-market in the ordinary course of trading in the Group's securities, and the securities bought back would then be cancelled.

## Interests of Substantial holders and Directors

As at 14 October 2011, the following Directors have a relevant interest in securities and options which are exercisable into securities.

Directors	Securities	% *	Options
Richard Anderson	51,091	0.06	nil
Sandy Beard	Nil <sup>^</sup>	-	nil
John Potter	6,054,737	7.63	2,800,000
Troy Harry	900,000	1.13	nil

\* Holding as a per cent of total securities currently on issue

<sup>^</sup> S Beard is a director of CVC Limited. CVC is a substantial holder as noted in the table below

As at 14 October 2011, the following held a substantial holding in the Group.

Substantial holders	Securities	% *
CVC Limited	11,863,261	14.9
John Potter	6,054,737	7.63
John Leaver	5,721,911	7.2
Renaissance Property Securities Ltd	5,316,688	6.7

\* holding as a per cent of total securities currently on issue

In the event that the Group buys back securities, then the proportionate interest of securityholders will increase assuming those holders do not seek to sell.

The board has confirmed that no entity associated with a director should sell securities whilst the Group is actively acquiring securities under the on-market buy-back.

## Effect on Villa World Group

### Financial Impact

If approved, the Buy-Back will involve a reduction in the number of Villa World's ordinary securities on issue and a corresponding reduction in its share capital.

Whilst the Group is seeking approval to buy back up to 7.94 million securities on market over the 12 months following the 2011 Annual General Meeting, the actual number of securities to be bought back will be assessed by the board on an ongoing basis, having regard to, among other things, the Group's net debt, capital surplus and cash flows, as well as broader market conditions and alternative investment opportunities.

The Group will not buy back Securities if to do so would materially prejudice the Group's ability to pay its creditors, prevent the Group from discharging its indebtedness or from conducting and growing its business. The board will only buy back securities on the basis that the Group will remain well capitalised following the completion of the purchase and to do so will not adversely impact the financial position of the Group.

The purchase of any securities under the on-market buy-back would be funded from existing cash reserves or via current debt facilities if within the debt capacity of the Group.

The Group will only purchase securities under the on-market buy-back subject to remaining compliant with the Group's financial covenants including a leverage ratio, minimum net tangible assets, liquidity/interest cover, loan to value ratios and a specific buy-back covenant based on a net profit after tax threshold.

If the board determines to acquire securities on-market, the precise impact of the Buy-back will not be known until completed and this will depend on the volume and price paid for the securities at the relevant time.

### Impact on earnings per security

If the Group acquires securities under the Buy-back, the Group's issued share capital will reduce. As a result of the reduction in the number of securities on issue, the Buy-back is likely to be accretive to earnings per security.

### Impact on net tangible assets per security

Depending on the number of securities bought back and the price at which they are bought back, the Buy-back is likely to result in an increase to net tangible assets ('NTA') per security.

### Effect on dividends and distributions

Usage of the Group's cash reserves to fund the Buy-back will reduce the ability of the Group to pay dividends or distributions to securityholders. The payment of dividends and/or distributions are subject to a banking covenant based on a net profit after tax threshold, and therefore any funds used to acquire securities under the buy-back reduces the available funds to pay dividends or distributions.

However, the Board consider that the on-market buy-back provides greater benefits overall to securityholders given it is accretive to NTA and overall earnings per security.

### Advantages and disadvantages of the Buy-back

The advantages of the Buy-back include:

- optimising value for securityholders where the securities are trading below their NTA value per security;
- by reducing the number of securities on issue, the Buy-back is likely to be accretive to NTA per security and overall earnings per security;
- facilitating a more active market in the Group's securities.

The disadvantages of the Buy-back include:

- the Buy-back will reduce the Group's available cash to pay dividends and/or distributions to securityholders; and
- the Buy-back will reduce the Group's headroom in its financing facility covenants and reduce its overall NTA.

As required by the Corporations Act, the Group has set out in these Explanatory Notes all information known to the Group that is material to the decision on how to vote on the resolution in respect of the Buy-back. In addition to these Explanatory Notes, further information regarding the Company can be obtained from the Group's website at [www.villaworldgroup.com.au](http://www.villaworldgroup.com.au) or from the website of the ASX at [www.asx.com.au](http://www.asx.com.au). Information regarding the market price of Group securities, including the up to date market price, can also be found on the website of the ASX.

### Recommendation

The Board unanimously recommends that the securityholders approve the ordinary resolution. Each Board member intends to vote in favour of the ordinary resolution in respect of the securities held by them subject to any voting exclusion set out on page 3.

## 5 EXPLANATORY NOTES – CORPORATISATION

### 5.1 Introduction

Villa World Group proposes to simplify its corporate structure by converting from a stapled structure to a single holding company.

The Corporatisation will not change the underlying Villa World Group businesses.

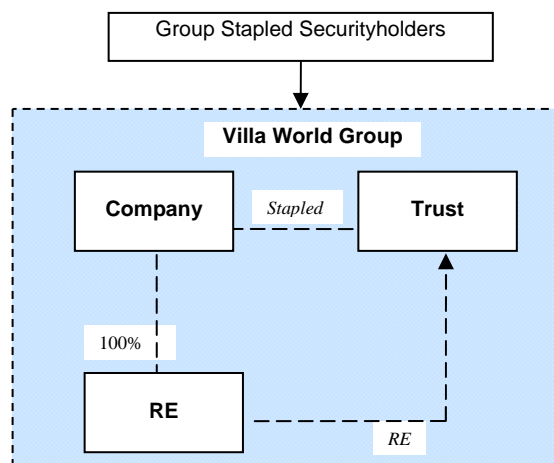
Villa World Group currently comprises Villa World Limited (the "Company"), an Australian company, and Villa World Trust, an Australian registered managed investment scheme (the "Trust"). The ordinary shares of the Company and ordinary units of the Trust are stapled together and quoted jointly on ASX.

The Corporatisation will involve the Company and the Trust being de-stapled and Villa World Group securityholders exchanging their units in the Trust for new shares in the Company on a pro-rata basis (subject to special provisions for Ineligible Overseas Securityholders, as described in section 5.10). The result of this will be that the Company will become the sole listed parent company of Villa World Group and all Villa World Group securityholders will hold shares in the Company rather than stapled securities in the Company and the Trust.

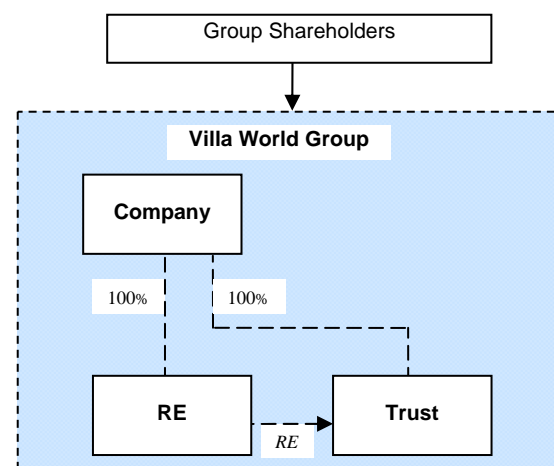
The economic interest of Villa World Group securityholders (other than Ineligible Overseas Securityholders) will not change as a result of the Corporatisation as they will continue to own 100% of the Trust (albeit indirectly as the Trust will be wholly owned by the Company). Villa World Group securityholders (other than Ineligible Overseas Securityholders) will also have the same voting power in the Villa World Group (i.e. the Company) post-Corporatisation as they had in the Villa World Group (i.e. the Company and the Trust) pre-Corporatisation.

The structure of Villa World Group before and after the Corporatisation is shown in the following diagrams.

### Structure before the Proposal



### Structure after the Proposal



### 5.2 Directors' Recommendation

The Boards note that as set out under the heading "voting exclusions" in Section 2, the directors of the Responsible Entity will be excluded from voting on resolutions 7, 8 and 9 as they are associates of the Responsible Entity (by virtue of being directors of the Responsible Entity) and they have an interest in the outcome of those resolutions other than as members of the Trust.

Notwithstanding this exclusion, the Boards of the Company and the Responsible Entity have considered Villa World Group securityholders interests and believe the proposed Corporatisation to be in the best interests of Villa World Group securityholders, as the advantages of the proposal outweigh the disadvantages. Accordingly, the Boards unanimously recommend that Villa World Group securityholders vote in favour of the Corporatisation.

Each member of the Company Board intends to vote any Villa World Group Securities that they hold in favour of the Corporatisation Resolutions other than to the extent that they are excluded from voting as referred to in Section 2.

### 5.3 Key Dates

Summary of key dates	Indicative dates
Securityholder meetings	Tuesday, 22 November 2011
Last day for trading Villa World Group Securities	Wednesday, 23 November 2011
Deferred settlement trading of unstapled consolidated Company Shares commences	Thursday, 24 November 2011
Record Date for Corporatisation (ie Trust register closes at 7.00 pm that day)	Wednesday, 30 November 2011
<i>Implementation Date</i> - Trust Units transferred to the Company and new Company Shares issued following which the Share consolidation occurs	Thursday, 1 December 2011
Sale Agent commences sales of new Shares on behalf of Ineligible Overseas Securityholders on the ASX	Friday, 2 December 2011
Trading on a normal T + 3 settlement basis commences	Thursday, 8 December 2011
Trust removed from Official List of ASX and Trust Units cease to be quoted on the ASX	On or around Friday, 16 December 2011
Sale Agent completes sales of new Shares on behalf of Ineligible Overseas Securityholders on the ASX	Will depend upon market conditions but expected to occur within one month of the Implementation Date
Proceeds of sale of new Shares distributed to Ineligible Overseas Securityholders	As soon as reasonably practicable following completion of the sale

The dates set out in the timetable above are indicative only and are subject to change at the discretion of the Company and the Responsible Entity. Any changes to the above timetable will be announced on ASX.

### 5.4 Advantages of the Corporatisation

The Boards of the Company and the Responsible Entity consider that the advantages of the Corporatisation include:

- a simplified structure that may have greater appeal to a broad range of investors;
- improved flexibility to implement capital and other initiatives;
- simplified financial reporting requirements;
- reduction of the Villa World Group's head office costs due to reduced administrative complexity;
- historical reasons for stapled structure are no longer compelling given Villa World Group's current circumstances, namely as the capital realisation program nears completion (see section 5.11 for further details) a simplified structure is more appropriate; and
- an ancillary aim of such simplification is to allow future profits to be able to be distributed by way of franked dividends from the Company, thereby unlocking the value of Villa World Group's significant franking credits.

### 5.5 Disadvantages and Risks of the Corporatisation

The Boards of the Company and the Responsible Entity consider that the disadvantages and risks associated with the Corporatisation include:

- loss of ability for Villa World Group to distribute excess free cash flows to securityholders as a distribution from the Trust to securityholders;
- Ineligible Overseas Securityholders will effectively have half of their investment in Villa World Group Securities sold through a nominee sale process following implementation of the Corporatisation;
- the transaction costs associated with the Corporatisation; and
- potentially adverse tax consequences for certain securityholders (e.g. securityholders who are not Australian residents for tax purposes and securityholders who are Australian residents for tax purposes but who do not hold their securities as capital assets). Further information on the tax implications for Australian residents holding their securities as capital assets is set out in section 5.9. All Securityholders are advised to obtain their own tax advice in respect of the Corporatisation.

## 5.6 Questions and Answers

Question	Answer	Further information
<i>What is the background to the Corporatisation?</i>	The rationale for the Corporatisation is to adopt a simplified corporate structure which is expected to provide a number of benefits to Villa World security holders.	Refer to Section 5.1
<i>Why is Villa World Group proposing this initiative?</i>	<i>The Boards of Company and the Responsible Entity have proposed this initiative to enhance Villa World Group securityholder value and optimise the capital and corporate structure of Villa World Group.</i>	Refer to Sections 5.4 and 5.11
<i>What is the Corporatisation?</i>	<i>The Corporatisation is a proposed restructure of Villa World Group from a stapled structure to a single publicly listed Australian company. Following successful implementation of the Corporatisation, Villa World Group securityholders will hold only Company Shares.</i>  <i>Villa World Group securityholders will hold the same proportionate rights and liabilities in relation to Villa World Group's business and assets before and after Corporatisation, subject to the proposed treatment of Ineligible Overseas Securityholders described in Section 5.10.</i>	Refer to Section 5.1
<i>Do the Directors recommend the Corporatisation?</i>	<i>Yes. The Villa World Group directors unanimously recommend that Securityholders approve the Corporatisation and vote in favour of each of the Corporatisation Resolutions.</i>	Refer to Section 5.2
<i>What are the reasons for the Directors' recommendation of the Corporatisation?</i>	<i>The Directors have highlighted benefits including, improved flexibility to implement capital and other initiatives, simplified financial reporting, reduction in overheads, with an ancillary benefit to allow future profits to be distributed by way of franked dividends.</i>	Refer to Section 5.4 and 5.5
<i>Why might I vote against the Corporatisation?</i>	<i>Loss of the ability to distribute free cash flows as a distribution, the inability of Ineligible Overseas Securityholders to participate in the Corporatisation and transaction costs associated with the transaction are highlighted as possible disadvantages.</i>	Refer to Section 5.5
<i>What will I own if the Corporatisation is implemented?</i>	<i>If the Corporatisation is implemented, Securityholders will continue to hold their Company Shares (subject to the proposed treatment of Ineligible Overseas Securityholders described in Section 5.10) and the Company will own all of the units in the Trust and therefore Securityholders will continue to indirectly own the business and assets of the Villa World Group.</i>	Refer to Section 5.14
<i>What will be the tax consequences of Corporatisation?</i>	<i>A guide to the taxation considerations of the Corporatisation for Securityholders is in Section 5.9. The guide is not intended to provide taxation advice in respect of the particular circumstances of any individual Securityholder. Securityholders should obtain professional advice as to the taxation consequences of the Corporatisation in their specific circumstances.</i>	Refer to Section 5.9
<i>What happens if the Corporatisation does not proceed?</i>	<i>Villa World Group will remain a stapled structure and Villa World Group securityholders will continue to hold Villa World Group Securities, each comprising an ordinary share in the Company and a ordinary unit in the Trust stapled together.</i>	
<i>What is the Share Consolidation?</i>	<i>If approved by Securityholders, a 2:1 Share Consolidation will be implemented following the new issue of Company Shares pursuant to the Corporatisation. As new Company Shares will</i>	Refer to Section 5.8(c)

Question	Answer	Further information
	<p><i>be issued on a 1:1 basis pursuant to the Corporatisation, following the Share Consolidation, Securityholders will continue to hold the same number of Company Shares as before the Corporatisation (subject to the proposed treatment of Ineligible Overseas Securityholders described in Section 5.10).</i></p>	
<p><i>When and where will the Securityholders' Meetings be held?</i></p>	<p><i>The Securityholders' Meetings to consider the Resolutions will be held on 13 October 2011 at 10.00am (QLD time) at Panorama Suite, Gold Coast Arts Centre, 135 Bundall Road, Surfers Paradise, Queensland.</i></p>	<p><i>Refer to "Key Dates and Steps for Securityholders" on page 5.3</i></p>
<p><i>Can I be bound by the Corporatisation if I do not vote or if I vote against it?</i></p>	<p><i>Yes.</i></p> <p><i>In particular, the Corporatisation, if approved, will bind all Securityholders on the Record Date. That means that, if the Corporatisation is approved, all holders of Trust Units on the Record Date will have their units sold to the Company in exchange for one new Company Share irrespective of whether or how they vote at the Securityholders' Meetings.</i></p>	<p><i>Refer to Section 5.7</i></p>
<p><i>Who is entitled to vote?</i></p>	<p><i>Securityholders who are on the register at 7.00 pm (Queensland time) on Sunday, 20 November 2011 will be entitled to vote at the Securityholders' Meetings, subject to the voting exclusions set out in Section 2.</i></p>	<p><i>Refer to Section 2</i></p>
<p><i>What Securityholder approvals are required for the Corporatisation?</i></p>	<p><i>A number of securityholder approvals are required for the Corporatisation. Some of these approvals are ordinary resolutions (requiring more than 50% approval of the votes cast), and some are special resolutions (requiring at least 75% of the votes cast).</i></p> <p><i>In order for the Corporatisation to proceed, all of the Corporatisation Resolutions must be approved by the requisite majorities of eligible Villa World Group securityholders. As all of the Corporatisation Resolutions are inter-conditional, if any of the Corporatisation Resolutions are not passed by the requisite majorities, the Corporatisation will not proceed.</i></p>	<p><i>Refer to Section 5.12</i></p>
<p><i>How can I vote?</i></p>	<p><i>You can vote at the Securityholders' Meetings:</i></p> <p><i>in person;</i></p> <p><i>by completing and returning the Proxy Form that is enclosed with this Explanatory Memorandum; or</i></p> <p><i>by attorney or, in the case of a body corporate, by corporate representative.</i></p>	<p><i>Refer to Section 2</i></p>
<p><i>Where can I find further information?</i></p>	<p><i>Should you require any further information or assistance, please contact:</i></p> <p><i>in relation to queries about your Securities, Computershare Investor Services Pty Limited on 1300 651 684 or +61 3 9415 4302 (outside Australia) or web.queries@computershare.com.au; or</i></p> <p><i>in relation to queries about the Corporatisation Resolutions or the transactions described in this Explanatory Memorandum, the Villa World Information Helpline on 1300 552 434 (callers in Australia) or +61 7 5588 8851 (callers outside Australia)</i></p>	<p><i>N/A</i></p>

## 5.7 Corporatisation will be Binding on all Unitholders

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If approved, the Corporatisation will be binding on all Villa World Group securityholders, irrespective of whether or not they voted in favour or against the Corporatisation Resolutions or did not attend the Meetings.

## 5.8 Corporatisation Transactions

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There are 3 key steps in the Corporatisation, being:

- (a) **de-stapling of securities:** the Villa World Group Securities will be de-stapled so that shares in the Company and units in the Trust can be dealt with separately to facilitate implementation of the further Corporatisation steps;
- (b) **the Trust acquired by the Company:** the Company will acquire all of the Trust Units in return for the issue to Trust Unitholders of one new Company Share for every Trust Unit held on the Record Date (subject to special provisions for Ineligible Overseas Securityholders, as described in Section 5.10); and

- (c) **Share Consolidation:** following steps (a) and (b) above, the Company will undertake a 2:1 share consolidation. That is, for every two Company Shares held by a Villa World Group securityholder immediately prior to the Share Consolidation, they will hold one Company Share after the Share Consolidation. As a result of the Share Consolidation and the new issue of Company Shares referred to in (b) above, Villa World Group securityholders (other than Ineligible Overseas Securityholders) will hold the same number of Company Shares after the Corporatisation as the number of Villa World Group stapled securities that they held prior to the Corporatisation. The treatment of Ineligible Overseas Securityholders is set out in section 5.10.

As a result of the Corporatisation, current Villa World Group securityholders will hold shares in a single holding company, being the Company. The Company will hold all the Trust Units on issue. Villa World Group securityholders will hold the same proportionate rights and liabilities in relation to Villa World Group's business and assets before and after Corporatisation, subject to the proposed treatment of Ineligible Overseas Securityholders described in Section 5.10.





the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any particular Villa World Group Securityholder.

Accordingly, all individual Villa World Group Securityholder should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act 2001. All individual Villa World Group Securityholders should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

### ***Australian income tax consequences***

This letter is not applicable to all Villa World Group Securityholders and, in particular, does not apply to:

- Villa World Group Securityholders that do not hold their Securities as capital assets (for example, Villa World Group Securityholders that hold their Trust units as trading stock or revenue assets for the purposes of resale at a profit); and
- Villa World Group Securityholders that are not Australian residents. In addition, this section does not address any tax implications which might arise in countries other than Australia.

Villa World Group has obtained a Class Ruling from the ATO dated 14 September 2011 (CR 2011/81: *Income tax: capital gains tax: exchange of units in Villa World Trust for ordinary shares in Villa World Limited*) on behalf of the Australian resident Villa World Group Securityholders who hold their Securities on capital account. This Class Ruling confirms that Securityholders will be eligible for CGT rollover under Subdivision 124-H of the ITAA 1997 in relation to the exchange of their Trust units for ordinary shares in the Company. As part of this Class Ruling, the ATO also confirmed that no adverse income tax consequences will arise for Villa World Group Securityholders as a result of the Share Consolidation which will occur after the unit for share exchange.

On the basis of the ATO Class Ruling, the income tax implications for Villa World Group Securityholders are set out below:

#### *1. De-stapling of securities*

The legal mechanism giving effect to the stapled arrangement is contained within each entity's respective constitution. De-stapling will vary existing contractual arrangements in



place under the Company Constitution and the Trust Constitution. No change in ownership of Trust units or Company shares occurs as a result of de-stapling. Accordingly, de-stapling of Villa World Group securities should not result in a CGT event for Villa World Group Securityholders.

#### *2. Trust acquired by the Company for new Company shares*

A Securityholder will make a capital gain or capital loss as a result of the disposal of Trust units to the Company depending on the amount of capital proceeds received from the disposal and the cost base or reduced cost base of the Trust units held by each respective Securityholder.

However, any capital gain that would otherwise arise, should be disregarded for Securityholders who make the CGT rollover election in respect of the disposal of their Trust units. The cost base and reduced cost base in the new Company shares received by Securityholders should be equal to the cost base of their original units in Trust.

#### *3. Share Consolidation*

The Share Consolidation will be undertaken in accordance with section 254H of the Corporations Act 2001. Company shareholders will not receive any capital proceeds as a result of the reduction in the number of shares on issue, nor will there be a change to the proportionate interests held by each Company shareholder in Company.

No CGT event will occur as a result of the Share Consolidation and therefore there will be no taxation implications arising for Company shareholders. The cost base and reduced cost base of a consolidated share is the sum of the cost bases of the original shares that are consolidated.

#### *4. Tax treatment of future distributions*

As the Company will be a single holding company, any distributions going forward will be in the form of dividends. Australian resident Villa World Group Securityholders will be required to include any dividend received in their assessable income together with any associated franking credit and in the case of dividends that are franked a tax offset may be allowable against any tax payable for the franking credits.

#### *5. Disposal of Company shares after the Corporatisation*

A disposal of Company shares after Corporatisation will be a CGT event and Australian resident shareholders will be required to calculate a capital gain or loss. Certain shareholders who hold their shares on capital account (such as individuals, trusts and



superannuation funds) who have held their shares for at least 12 months may be entitled to discounted CGT treatment (that is, 50% discount for individuals and trusts and one-third discount for superannuation funds).

For the purposes of the 12 month ownership condition, Villa World Group Securityholders will be taken to have acquired their new Company shares on the date they acquired their Trust units where they choose the CGT rollover under Subdivision 124-H of the ITAA 1997.

*6. Taxation of the Company after the Corporatisation*

Once the Trust is acquired by the Company, it will join the Company tax consolidated group and will no longer be a standalone entity for income tax purposes. The Trust's income and expenses will be included in the calculation of the Company tax consolidated group's taxable income.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Brian Lawrence', with a large, sweeping flourish underneath.

Brian Lawrence  
Partner

A handwritten signature in black ink, appearing to read 'Ernest Chang', with a large, sweeping flourish underneath.

Ernest Chang  
Partner

## 5.10 Foreign Securities Laws and Ineligible Overseas Securityholders

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Restrictions in certain foreign countries make it impractical or unlawful to offer or receive the new Company Shares to be issued under the Corporatisation in those countries. This Explanatory Memorandum and any accompanying documents do not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Explanatory Memorandum and any accompanying documents in jurisdictions outside Australia may be restricted by law and anyone who receives this Explanatory Memorandum and accompanying documents should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the new Company Shares to be issued under the Corporatisation or otherwise permit a public offering of such securities in any jurisdiction outside Australia. Villa World Group securityholders who hold Villa World Group Securities on behalf of a beneficial owner resident outside Australia, New Zealand or Samoa may not forward this Explanatory Memorandum (or accompanying documents) to anyone outside these countries, or to anyone in Samoa that is not an Eligible Samoan Securityholder, as this may constitute a breach of foreign securities laws. It is the responsibility of all overseas securityholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Corporatisation, including the obtaining of any government approval, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

### (a) Permitted Securityholders

Based on the information available to Villa World Group as at the date of this Explanatory Memorandum, Villa World Group securityholders whose addresses are shown in the register on the Record Date as being in Australia, New Zealand or Samoa (provided they are an Eligible Samoan Securityholder) will be entitled to have new Company Shares issued to them pursuant to the Corporatisation.

### (b) Ineligible Overseas Securityholders and Sale Agent

Villa World Group securityholders whose addresses are shown in the register on the Record Date as being in a jurisdiction other than Australia, New Zealand or Samoa, or where their registered address is in Samoa but they are not an Eligible Samoan Securityholder, or who Villa World Group subsequently determines are resident in a jurisdiction in respect of which the issue to them of new Company Shares pursuant to the Corporatisation is prohibited or unduly onerous or impractical will be **Ineligible Overseas Securityholders**.

New Company Shares will not be issued to Ineligible Overseas Securityholders. Under the Corporatisation, the Company Shares to which Ineligible Overseas Securityholders would otherwise have been entitled will be issued instead to the Sale Agent. Those Company Shares will then be consolidated on a 2:1 basis pursuant to the Share Consolidation. Ineligible Overseas Securityholders holding an odd number of Villa World Group Securities on the Record Date (who would otherwise have a fractional entitlement to Company Shares post Share Consolidation) will have their holding of Company Shares rounded up to the nearest whole number after the Share Consolidation. However, the number of Company Shares to be sold by the Sale Agent on their behalf will be rounded down to the nearest whole number after the Share Consolidation.

The Sale Agent will procure the sale of all these Company Shares on ASX following the Implementation Date and will endeavor to complete the sale of all such Company Shares within one month of the Implementation Date however the actual timing of the sale of these Company Shares will depend upon market factors and the demand for Company Shares and may be shorter than one month or such longer period of time which the Sale Agent and the Company determine is reasonable. The Company Shares will be sold at the best price the Sale Agent is able to reasonably obtain. The Company will pay any brokerage associated with the sale of the Company Shares. The Sale Agent will sell the Company Shares in one or more tranches. It is expected that the sales will occur through, or be reported to, the ASX (including via special crossings).

The proceeds received by the Sale Agent will then be paid to Ineligible Overseas Securityholders (calculated on an averaged basis so that each Ineligible Overseas Securityholder receives the same amount per Company Share to which they would otherwise have been entitled, subject to rounding to the nearest whole cent). The proceeds of sale will be paid to you in accordance with your existing payment instructions in respect of your VLW securityholding.

The proceeds of sale will be paid to Ineligible Overseas Securityholders as soon as reasonably practicable after the sale of all the Company Shares issued to the Sale Agent (which is expected to be no more than one month after the Implementation Date).

The sale price of the Company Shares and the proceeds of sale that Ineligible Overseas Securityholders will receive cannot be guaranteed as the market price of Villa World Group Securities and (following the Corporatisation, Company Shares) is subject to change from time to time. Up to date information on the market price of Villa World Group Securities and (following the Corporatisation, Company Shares) can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The proceeds of sale from the Sale Agent will not necessarily be the highest price at which Company Shares could be sold during the relevant period and as Ineligible Overseas Securityholders will all receive the same amount per share, that amount may be more or less than the price received by the Sale Agent for any particular shares.

The sale process will be conducted having regard to a range of factors, including:

- the number of Company Shares that are to be sold by the Sale Agent. If a large number of Company Shares are to be sold, the sale price for those shares may be lower;
- the prevailing market conditions including the price of the Company Shares on the ASX and the demand for Company Shares offered by the Sale Agent;
- the need to maintain an orderly market for Company Shares; and
- the period during which the sale process is undertaken.

Ineligible Overseas Securityholders will still hold the Company Shares that they held prior to the Corporatisation, although the number of those Company Shares will decrease due to the Share Consolidation, and the Ineligible Overseas Securityholder's percentage interest in Company will also decrease relative to other securityholders who are issued Company Shares.

ASIC has agreed in principle to grant relief necessary to allow the Responsible Entity to deal with Ineligible Overseas Securityholders in the manner set out in this Section 2.2.

As an alternative to participating in the sale by the Sale Agent, Villa World Group securityholders who expect to be Ineligible Overseas Securityholders at the Record Date may choose to sell their Villa World Group Securities on market prior to the last day of trading of the Villa World Group Securities before the Corporatisation takes effect.

There are a number of differences between selling Villa World Group Securities on market and participating via the Sale Agent, including:

- the price may be higher or lower;
- under the Sale Agent process, Ineligible Overseas Securityholders have no control over the proceeds of sale they will receive;
- Ineligible Overseas Securityholders will need to wait until the Sale Agent process is completed before they receive their proceeds of sale;
- transfers and sales by the Sale Agent will only occur if the Corporatisation is implemented; and
- transfers and sales by the Sale Agent will only involve the new Company Shares issued pursuant to the Corporatisation (and

not the existing Company Shares held by the Ineligible Overseas Securityholders).

## **5.11 Why is the Stapled Structure no longer necessary?**

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The historical reasons for adopting a stapled structure at the time of the Villa World Trust (formerly MFS Diversified Trust and GEO Property Trust) /Villa World Limited merger in 2007 are no longer compelling given the changes in business and funding arrangements since that time.

The Trust was originally set up to be in part a financing trust and to be the funding entity for the Villa World Group. At the time of the merger in June 2007, there was a single source of primary funding for the Villa World Group, being the bank facilities provided under the Multi Option Facility Agreement (MOFA) to the Trust (with the Trust then on-lending those facilities to Villa World Limited and a subsidiary of Villa World Limited for distribution throughout the Group).

In 2008, the Villa World Group commenced a capital realisation program with the key aim of reducing the overall debt level within the Villa World Group. The programme involved the sale of assets, the majority of which were held by the Trust. As this program is now largely complete, with only one asset remaining in the Trust the simplified corporate structure is more appropriate.

With a revised business strategy of capital realisation, following the capital realisation program the trust structure has limited real estate assets and the previous funding arrangement is no longer optimal and therefore Corporatisation is seen as a logical progression for future business operations focused on house and land development.

A key benefit of a stapled structure is that unlike companies, trusts can return surplus cash to members without having accounting profits, or generating an immediate tax liability to members. The return of capital reduces the investor's cost base in the Trust units without an immediate tax cost. Ultimately, a capital gain arises when either all the cost base has been used up through capital returns, or when an investor sells the stapled security. However, Villa World anticipates that increased profitability will mean Villa World will be more likely to be able to pay fully franked dividends in the future if it wishes to return cash to its investors. For some investors, a franked dividend from Villa World Limited may be more desirable than a non-taxable distribution from the Trust.

## **5.12 Explanation of the Corporatisation Resolutions**

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The Corporatisation involves a number of inter-conditional resolutions, including resolutions to approve the acquisition by the Company of the Trust Units, amend the Trust Constitution to effect de-stapling and introduce the Trust Scheme, and to effect the Share Consolidation.

Each of the Corporatisation Resolutions are described below and are set out in full in the Notice of Meetings. Each Corporatisation Resolution will be inter-conditional with each other Corporatisation Resolution, and none of them will become effective until each of the Corporatisation Resolutions have

been passed by the requisite majorities of Villa World Group securityholders.

To the extent that the resolutions below involve amendments to the Trust Constitution the proposed amendments will be tabled at the Meetings.

(a) **Trust Resolutions**

The Trust Scheme is an arrangement pursuant to which all of the Trust Units are transferred to the Company. This transfer requires the Trust Unitholders to approve three inter-conditional resolutions at the Trust Meeting. Villa World Group expects that all Trust Unitholders other than the directors of the Responsible Entity will have the same interest in these resolutions and thus all Trust Unitholders other than the directors of the Responsible Entity will be entitled to vote.

**Approval of the de-stapling of Company Shares and Trust Units - Resolution 7**

The Trust Constitution provides that with the approval by special resolution of the Trust Unitholders and the Company Shareholders, the Responsible Entity may determine that the stapling provisions of the Trust Constitution are to cease to apply and the Trust Units are to cease to be stapled to the Company Shares on a date determined by the Responsible Entity.

As a special resolution, Resolution 7 must be passed by at least 75% of the votes cast by Trust Unitholders present in person or by proxy and entitled to vote on the resolution.

**Amendment to Trust Constitution - Resolution 8**

The Trust Unitholders will be required to approve Resolution 8 to insert provisions necessary to enable the Responsible Entity, together with the Company, to implement the Corporatisation.

The proposed amendments to the Trust Constitution are set out in the Supplemental Deed Poll, and include introducing specific mechanical provisions into the Trust Constitution which have the effect of each Trust Unitholder appointing the Responsible Entity as responsible entity for the Trust as its attorney and agent to effect the transfer of its Trust Units to the Company. If Resolution 8 is approved, the Responsible Entity will be authorised to execute and lodge with ASIC a copy of the Supplemental Deed Poll.

The amendments to the Trust Constitution must be approved by special resolution passed by at least 75% of the votes cast by Trust Unitholders present in person or by proxy and entitled to vote on the resolution.

**Acquisition Resolution - Resolution 9**

Trust Unitholders will also be required to approve the acquisition by the Company of a relevant interest in all the Trust Units for the purposes of item 7 of section 611 of the Corporations Act.

The acquisition of a relevant interest in 100% of the Trust Units by the Company under the

Trust Scheme must be approved as an ordinary resolution passed by more than 50% of the votes cast by Trust Unitholders present in person or by proxy and entitled to vote on the resolution. This is required under item 7 of section 611 of the Corporations Act.

(b) **Company Resolutions**

The resolutions that Company Shareholders are required to pass to effect the Corporatisation will be considered at the Company's Annual General Meeting for 2011. Villa World Group does not expect that any Company Shareholders will be excluded from voting on these resolutions.

**Approval of the de-stapling of Company Shares and Trust Units - Resolution 7**

The Company Constitution provides that with the approval by special resolution of the Company Shareholders and the Trust Unitholders, the Board of the Company may determine that the stapling provisions of the Company's Constitution are to cease to apply and the Company Shares are to cease to be stapled to the Trust Units on a date determined by the Board of the Company.

As a special resolution, resolution 7 must be passed by at least 75% of the votes cast by Company Shareholders present in person or by proxy and entitled to vote on the resolution.

**Resolution to effect the Share Consolidation - Resolution 10**

Company Shareholders will be required to approve the Share Consolidation. The Share Consolidation must be approved as an ordinary resolution passed by more than 50% of the votes cast by Company Shareholders present in person or by proxy and entitled to vote on the resolution. This is required under section 254H of the Corporations Act.

**5.13 Implementing the Corporatisation**

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(a) **Meetings**

The Responsible Entity has determined to convene the Trust Meeting to consider the Corporatisation.

The Trust Meeting and the Company Annual General Meeting will be held simultaneously on the same day, but will be held as separate meetings.

(b) **Implementation Steps**

If the Corporatisation Resolutions are approved, the Corporatisation will take effect through the steps set out in Section 5.8 and on the Implementation Date:

- the Trust Units and the Company Shares will be de-stapled in accordance with resolution 7;
- the Trust will execute a master transfer on behalf of all Scheme Unitholders to transfer all the Trust Units to the Company and deliver the master transfer to the Company or otherwise effect a transfer of such Trust Units in CHESS

and enter the name of the Company in the register in respect of all Trust Units;

- the Company will issue new Company Shares to each Corporatisation Unitholder or, in the case of Ineligible Overseas Securityholders, to the Sale Agent;
- the Share Consolidation will occur;
- the Sale Agent will be authorised to proceed with the sale of the Company Shares it has received in respect of Ineligible Overseas Securityholders as described in Section 5.10; and
- the Responsible Entity will apply to the ASX to have the Trust de-listed (i.e. removed from the Official List of ASX and Trust Units will cease to be quoted on the ASX as following the steps above all of the Trust Units will be owned by the Company).

Following the implementation of the Corporatisation, the Responsible Entity may consider deregistering the Trust as a registered managed investment scheme given that the Trust will have only one unitholder.

#### **5.14 Effect of the Corporatisation**

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If the Corporatisation is implemented, Villa World Group securityholders will hold their investment in Villa World Group through the Company only. Villa World Group securityholders will hold the same proportionate rights and liabilities in relation to Villa World Group's business and assets before and after Corporatisation (subject to the proposed treatment of Ineligible Overseas Securityholders described in Section 5.10. The assets (including how those assets are held within the Villa World Group) and structure of the underlying business and operations of the Villa World Group will not change as a result of the Corporatisation.

#### **5.15 Governance of Villa World Group**

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If the Corporatisation is approved, Villa World Group will transition to become a single Australian listed company but the current directors of the Company (which consists of the same directors who make up the Board of the Responsible Entity) will continue to constitute the Board of the Company. The Company Board will continue to be constituted as follows:

- Richard Anderson (Independent Chairman, Non Executive Director);
- John Potter (Managing Director, CEO);
- Troy Harry (Non-Executive Director); and
- Alexander Beard (Non Executive Director),

subject to Mr Anderson, Mr Harry and Mr Beard being elected or re-elected pursuant to resolutions 3, 4 and 5.

#### **5.16 CHESSE**

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The new Company Shares will participate from the date of commencement of quotation in CHESSE, operated by ASX Settlement and Transfer Corporation Pty Ltd. They must be held in

uncertificated form (i.e. no security certificate will be issued) on the CHESSE subregister under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert your holding from the issuer-sponsored subregister to the CHESSE subregister under sponsorship of a sponsoring participant or vice versa by contacting your sponsoring participant.

#### **5.17 Costs**

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The costs of the Corporatisation will be borne by the Company. The costs of the Corporatisation and of its implementation are expected to amount to approximately \$250,000.

The majority of the costs have already been incurred and consist of fees for legal advice, tax advice, accounting, printing and other related charges.

## **6 VILLA WORLD GROUP OVERVIEW AND FINANCIAL UPDATE**

### **6.1 Distribution Policy**

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The current distribution policy is determined by the constitutions of Villa World Limited and the Trust. The Trust Constitution requires that all distributable Trust income be distributed to Trust unitholders. Villa World Limited's Constitution states that the Board may determine when dividends are to be paid, and the amount of the dividends. Payment of any dividends will be dependent upon profit for the relevant period and available cash. The acquisition of securities under the on-market buy-back will impact the available cash that may otherwise be available for the payment of a dividend (refer Item 6 – "Effect on dividends").

### **6.2 Financial Information following the Corporatisation**

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Copies of Villa World's audited Financial Report for the financial year ended 30 June 2011 can be found on Villa World's website at [www.villaworldgroup.com.au](http://www.villaworldgroup.com.au).

As at the date of this Explanatory Memorandum and so far as is known by the Boards of Villa World Limited and the Responsible Entity, there are no material changes to the financial position of Villa World since the date of that full year report and financial statements.

Villa World Limited does not expect that there will be a material impact on the financial position of Villa World arising from the Corporatisation. The consolidated financial position of Villa World following the implementation of the Corporatisation is expected to be similar to the position prior to the Corporatisation.

Currently, the consolidated statement of financial position for Villa World represents the consolidation of the financial position of Villa World Limited, Villa World Trust and the entities they control, with Villa World Trust being identified as the parent entity of the consolidated group. Following the Corporatisation, Villa World Limited will become the parent entity of the consolidated group and Villa World Trust will be one of the entities which Villa World Limited controls. As there will be no change

to the entities forming the consolidated group, the net assets of the Villa World Group will remain approximately the same. Villa World Trust will be consolidated into the Villa World Group in the same manner as all other controlled entities.

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## **7 ADDITIONAL INFORMATION**

### **7.1 ASX Waivers**

ASX has granted waivers and confirmations including:

- (a) waivers from Listing Rules 7.1 and 10.11 in relation to the issue of Company Shares pursuant to the Corporatisation;
- (b) confirmation that the requirements of Listing Rule 7.17 are not applicable or are satisfied to allow Company Shares to be issued to the Trust Unitholders;
- (c) confirmation from ASX that an orderly market is maintained in securities pursuant to Listing Rule 7.18;
- (d) confirmation that the Corporatisation timetable set out in clause 4.11(d) is acceptable in accordance with Listing Rule 7.40; and
- (e) confirmation from ASX that it will not require approval of security holders pursuant to Listing Rule 11.1.

## **7.2 ASIC Modifications/Exemptions**

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ASIC has agreed in principle to grant Villa World Group the following relief in relation to the Corporatisation:

- (a) An exemption for the Responsible Entity from the requirement in section 601FC(1)(d) to treat members of the Trust equally. This relief is required due to the differential treatment of the Ineligible Overseas Securityholders as described in section 5.10.
- (b) A modification of item 7 of section 611 in order to permit Trust Unitholders to vote on a resolution approving the acquisition of all Trust Units notwithstanding that the resolution relates to the acquisition of their units. This is standard technical relief required for all trust acquisition schemes.
- (c) An exemption for the Company and the RE from having to comply with Parts 6D.2 and 6D.3 of the Act which would otherwise require a prospectus to be provided in connection with offers of new Company Shares under the Corporatisation and on-sales of those shares.
- (d) An exemption for the Company and the RE from the prohibition on making unsolicited offers to Trust Unitholders to acquire their units pursuant to the Corporatisation.

**AGM/GM RESOLUTIONS** Resolutions 2 to 6 as set out in the Notice of Meetings

**ASIC** Australian Securities and Investment Commission

**ASX** ASX Limited ABN 98 008 624 691

**ATO** Australian Tax Office

**BOARD OF THE RESPONSIBLE ENTITY OR THE RESPONSIBLE ENTITY** The Board of the Responsible Entity as Responsible Entity and Trustee for the Trust

**CHES** Clearing House Electronic Sub-register System

**COMPANY** Villa World Limited  
ACN 117 546 326

**COMPANY ANNUAL GENERAL MEETING OR AGM** An Annual General Meeting of Company shareholders convened for the purposes of considering the Resolutions as set out in the Notice of Meetings

**COMPANY BOARD OR BOARD OF THE COMPANY** The Board of the Company

**COMPANY SHARE** A fully paid ordinary share in the Company

**COMPANY SHAREHOLDER** The holder of a Company Share

**COMPANY'S CONSTITUTION** The Constitution of the Company

**CONSIDERATION** One new Company Share for every on Trust Unit

**CONSOLIDATION DATE** The date of the Share Consolidation as set out in Section 5.3

**CORPORATIONS ACT** *Corporations Act 2011 (Cth)*

**CORPORATISATION** The proposed restructure of Villa World Group pursuant to which the Trust will come to be wholly owned by the Company following the implementation of the Trust Scheme and the Share Consolidation, as described in Sections 5, 6 and 7 of this Explanatory Memorandum.

**CORPORATISATION RESOLUTIONS** The Corporatisation Resolutions include:

- In the case of the Company, Resolutions 7 and 10 set out in the Notice of Meetings;
- In the case of the Trust, Resolutions 7, 8 and 9 set out in the Notice of Meetings.

**EFFECTIVE DATE** The day on which the Company announces to the ASX that the Corporatisation Resolutions have been approved.

#### ELIGIBLE SAMOAN SECURITYHOLDER

Securityholders with registered address in Samoa that is either or both of the following:

- an international company or any other entity incorporated or registered in Samoa's offshore jurisdiction (international partnerships, international trusts and international banks) under the *International Companies Act 1988* (Samoa);
- a company or other body corporate incorporated in Samoa under the *Companies Act 2001* (Samoa), or an unincorporated body of persons but only if:
  - the entity or body of persons is an entity/body of persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
  - the entity or body of persons is a relative or close business associate of the company or the Responsible Entity.

**EXPLANATORY MEMORANDUM** This document.

**IMPLEMENTATION DATE** The date that the Corporatisation takes effect in accordance with the timetable set out in Section 1.

**INELIGIBLE OVERSEAS SECURITYHOLDERS** Has the meaning set out in Section 2.2.

**ITAA 1997** *Income Tax Assessment Act 1997 (Cth)*

**LISTING RULES** This Listing Rules of ASX.

**MEETINGS** The Company Annual General Meeting and the Trust Meeting to consider, amongst other things, the Corporatisation Resolutions, notices for which accompany this Explanatory Memorandum.

**NOTICE OF MEETINGS** The Notice of Meetings which is set out in Annexure C.

**PROXY FORM** The proxy form that accompanies this Explanatory Memorandum (see Notes on Voting).

**RECORD DATE** The Record Date for determining entitlements under the Corporatisation in accordance with the timetable set out in Section 5.3.

**RELEVANT INTEREST** The meaning given to that term in the *Corporations Act*.

**RESOLUTIONS** Resolutions 2 to 10 (inclusive) set out in the Notice of Meetings.

**RESPONSIBLE ENTITY** Villa World Management ACN 116 502 882 acting as Responsible Entity and Trustee for the Trust.

**SALE AGENT** The Sale Agent to be appointed by the Company (or a nominee of the Sale Agent approved by the Company) to arrange for the sale of the new Company Shares that would otherwise have been issued to Ineligible Overseas Securityholders pursuant to the Corporatisation.

**SCHEME IMPLEMENTATION AGREEMENT** The agreement between the Company and the Responsible Entity under which the parties agree to undertake the Corporatisation and various related matters.

**SHARE CONSOLIDATION** The consolidation of all Company Shares whereby every two Company Shares on issue immediately following implementation of the Trust Scheme will be consolidated into one Company Share pursuant to Section 254H of the *Corporations Act*.

**SUPPLEMENTAL DEED POLL** The deed poll which introduces amendments in the Trust Constitution to remove the stapling provisions and appoint the Responsible Entity as the agent of each Trust Unitholder to effect the transfer of the Trust Units to the Company under the Corporatisation on the terms set out in Annexure B.

**SCHEME UNITHOLDER** A Trust Unitholder as at the Record Date.

**TRUST** Villa World Trust ARSN 104 482 206.

**TRUST CONSTITUTION** The Constitution of the Trust.

**TRUST MEETING** The general meeting of the Trust Unitholders convened for the purposes of considering Resolutions 6, 7, 8 and 9 in the Notice of Meetings.

**TRUST SCHEME** The arrangement under which the Company acquires all of the Trust Units from Scheme Unitholders in exchange for new Company Shares, facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed Poll set out in Annexure A.

**TRUST UNITHOLDERS** A holder of Trust Units.

**TRUST UNITS** Units in the Trust.

**VILLA WORLD GROUP** The stapled entity comprising the Company and the Trust.

**VILLA WORLD GROUP SECURITYHOLDER** A holder of Villa World Group Securities.

**VILLA WORLD GROUP SECURITIES** or **SECURITIES** Securities in the stapled group comprising a Company Share and a Trust Unit stapled together such that they cannot be dealt with separately.

## ANNEXURE A – TRUST SUPPLEMENTAL DEED POLL

### Details

**Responsible Entity:** Villa World Management Limited ACN 116 506 882

**Capacity:** Responsible Entity of the Trust

**Address:** Ground Floor, 9 Ouyan Street, Bundall QLD 4217

### Recitals:

- A The Trust is governed by the Constitution. The Trust is registered as a managed investment scheme under Chapter 5C of the Corporations Act.
- B Section 601GC(1) of the Corporations Act provides that the constitution of a registered scheme may be modified, or repealed and replaced with a new constitution:
- (a) by special resolution of the members of the scheme; or
  - (b) by the responsible entity if it reasonably considers the change will not adversely affect members' rights.
- C Under clause 15 of the Constitution, the Constitution may, subject to law, be amended by special resolution of the holders of Units.
- D The Responsible Entity wishes to modify the Constitution, as set out in this deed, to give effect to the resolution to modify the Constitution that was passed by members of the Trust at the meeting held on [date].

**Governing law:** Victoria

### General terms

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## 1 Interpretation

### 1.1 Definitions

In this deed, these words and phrases have the following meanings and any other words and phrases have the meaning given to them in the Constitution, unless the contrary intention appears:

**Constitution** means the deed dated 15 April 2003 under which the Trust is governed as amended from time to time.

**Effective Date** means the date that a copy of this deed is lodged with the Australian Securities and Investments Commission.

**Trust** means the registered managed investment scheme currently named Villa World Trust (ARSN 104 482 206).

### 1.2 Deed supplemental to Constitution

This deed is supplemental to the Constitution.

### 1.3 Headings

Headings are inserted for convenience only and do not affect the interpretation of this deed.

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## 2 Modifications to the Constitution

The Constitution is modified on and from the Effective Date by inserting schedule 1 of this deed as a new schedule to the Constitution.

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## 3 No redeclaration etc

The Responsible Entity declares that it is not, by this deed:

- (a) resettling or redeclaring the Trust declared under the Constitution; or
- (b) causing the transfer, vesting or accruing of any property in any person.

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## 4 Governing law

This deed is governed by the laws in force in the place specified in the Details. Each person affected by it must submit to the non-exclusive jurisdiction of the courts of that place and the courts of appeal from them.

### Schedule 1 – Trust Scheme proposal

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## 1 Interpretation

### 1.1 Definitions

Unless the contrary intention appears, in this schedule capitalised terms have the following meaning or if not defined have the same meaning as in the Constitution, and:

**Additional Resolutions:** means each of the following resolutions to be put to Unit Holders and shareholders of the Company at the Trust Meeting and shareholder meeting of the Company on the basis that these resolutions do not become effective unless the Trust Scheme Resolutions are approved by the requisite majorities and the Trust Scheme becomes Effective:

- (a) a special resolution of Unit Holders and a special resolution of shareholders of the Company, each to approve the unstapling of:
  - (i) Units from Shares; and
  - (ii) Shares from Units,

to take effect on the Implementation Date immediately prior to the transfer of the Trust Scheme Units under the Trust Scheme, and in accordance with the requirements of the Trust Constitution and the Company *Constitution*;

- (b) an ordinary resolution of shareholders of the Company to approve an issue of new Shares in connection with the Trust Scheme for the purposes of ASX Listing Rule 7.1;
- (c) an ordinary resolution of shareholders of the Company to approve a consolidation of the fully paid ordinary shares in the Company on a two for one basis; and
- (d) any other resolutions (special or otherwise) reasonably requested by the Company with effect from the Implementation Date.

**ASX Settlement:** ASX Settlement Pty Limited (ABN 49 008 504 532).

**ASX Settlement Rules:** the operating rules of the settlement facility of ASX Settlement for the purposes of the Corporations Act.

**CHES:** the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement.

**Deed Poll:** the deed poll dated on or about [date] executed by the Company in favour of the Trust Scheme Participants in respect of the Trust Scheme.

**Effective:** when used in relation to the Trust Scheme, the supplemental deed making amendments to the Constitution to facilitate the Trust Scheme, including the insertion of this schedule, taking effect following lodgement with ASIC pursuant to section 601GC(2) of the Corporations Act.

**Effective Date:** the date on which the Trust Scheme becomes Effective.

**Implementation Date:** the Scheme Business Day after the Scheme Record Date or such other date as the Responsible Entity and the Company agree.

**Ineligible Overseas Unitholder:** means a Trust Scheme Participant:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; or
- (b) whose address in the Register on the Scheme Record Date is in a jurisdiction other than Australia and its external territories or New Zealand,  
unless the Company otherwise determines that:
- (c) it is not unduly onerous and not unduly impracticable to issue Scheme Shares to a Trust Scheme Participant pursuant to the terms of the Trust Scheme; and
- (d) it is lawful for that Trust Scheme Participant to be issued Scheme Shares under the Trust Scheme by the laws of the relevant place outside Australia and its external territories or New Zealand.

**Register:** the register maintained by the Registry for the Trust.

**Registry:** Computershare Investor Services Pty Limited (ACN 078 279 277) of GPO Box 242 Melbourne VIC 3001, Australia.

**Sale Agent:** RBS Morgans (or its nominee), being the sale agent appointed by the Company to sell or facilitate the transfer of the Scheme Shares attributable to Ineligible Overseas Unitholders as contemplated by paragraph 3 of this Schedule and in accordance with the Sale Facility.

**Sale Facility:** the facility to be established and implemented by the Company under which Scheme Shares may be sold as contemplated by paragraph 3 of this Schedule.

**Scheme Business Day** means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in Sydney, Australia.

**Scheme Implementation Agreement:** the agreement of that name dated [date] executed by the Trustee (in its capacity as trustee and responsible entity of the Trust) and the Company.

**Scheme Record Date:** 5.00pm on the fifth Scheme Business Day following the Effective Date or such other date as the Responsible Entity and the Company agree.

**Scheme Shares:** fully paid ordinary shares in the Company to be issued as Share Consideration.

**Scheme Transfer:** for each Trust Scheme Participant, a proper instrument of transfer of their Units for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Units.

**Share Consideration:** for each Trust Scheme Unit held by a Trust Scheme Participant on the Scheme Record Date, one new fully paid ordinary share in the Company.

**Share Registry:** Computershare Investor Services Pty Limited (ACN 078 279 277) of GPO Box 242 Melbourne VIC 3001, Australia.

**Supplemental Deed:** the deed dated [date] executed by the Trustee in relation to the amendment of the Constitution.

**Trust Meeting:** the meeting of Unit Holders held on 22 November 2011 convened by the Trustee to consider the Trust Scheme Resolutions and any relevant Additional Resolutions, and includes any adjournment of that meeting.

**Trust Scheme:** the arrangement facilitated by the amendments to the Constitution under the Supplemental Deed, including the insertion of this schedule, under which the Company acquires all of the Trust Scheme Units from Trust Scheme Participants.

**Trust Scheme Participant:** each person who is a Unit Holder as at 5.00pm on the Scheme Record Date.

**Trust Scheme Resolutions:** the following resolutions of Unit Holders set out in the notice of meeting for the Trust Meeting:

- (a) a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Trust Scheme Units by the Company; and
- (b) a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to this constitution as set out in the Supplemental Deed.

**Trust Scheme Units:** all of the Units on issue as at the Scheme Record Date.

## 1.2 Interpretation

Unless the contrary intention appears, in this schedule a reference to a “**paragraph**” is a reference to a numbered paragraph of this schedule.

## 2 Trust Scheme

### 2.1 Recognising dealings in Units

- (a) For the purpose of establishing the persons who are Trust Scheme Participants, dealings in Units will only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Units by the Scheme Record Date; and
  - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by the Scheme Record Date.
- (b) The Trustee must register registrable transfers or transmission applications of the kind referred to in paragraph 2.1(a)(ii) by, or as soon as practicable after, the Scheme Record Date. The persons shown in the Register, and the number of Units shown as being held by them, after registration of those transfers and transmission applications will be taken to be the Trust Scheme Participants, and the number of Units held by them, on the Scheme Record Date.
- (c) The Trustee must not accept for registration, nor recognise for any purpose (including for the purpose of establishing the persons who are Trust Scheme Participants), any transfer or transmission application in respect of Units received after the Scheme Record Date (or received prior to the Scheme Record Date not in registrable form).
- (d) The Trustee will maintain or procure the maintenance of the Register in accordance with this paragraph 2.1. The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in paragraph 2.1(a)(ii) will solely determine the persons who are Trust Scheme Participants and their entitlements to the Share Consideration.
- (e) From the Scheme Record Date and until registration of the Company in respect of all Trust Scheme Units under paragraph 2.4(c),

no Trust Scheme Participant (or any person purporting to claim through any Unit Holder) may deal with Units in any way except as set out in this schedule and any attempt to do so will have no effect.

- (f) Other than in respect of the Company (after registration of the Company in respect of all Trust Scheme Units under paragraph 2.4(c)), from the Scheme Record Date, all certificates and holding statements (as applicable) for Trust Scheme Units as at the Scheme Record Date will cease to have any effect as evidence of title, and each entry on the Register as at the Scheme Record Date will cease to have any effect other than as evidence of the entitlements of Trust Scheme Participants to the Share Consideration.
- (g) As soon as practicable after the Scheme Record Date and in any event at least five Scheme Business Days before the Implementation Date, the Trustee must give to the Company details of the names and addresses shown in the Register of all Trust Scheme Participants and of the number of Trust Scheme Units held by each of them on the Scheme Record Date, in whatever form the Company reasonably requires in order to implement the Trust Scheme (including to facilitate the provision by the Company of the Share Consideration).

### 2.2 Share Consideration

The Manager must procure that the Company provides the Share Consideration to Trust Scheme Participants (who are not Ineligible Overseas Unitholders) and the Sale Agent (on behalf of Ineligible Overseas Unitholders), with respect to each Trust Scheme Unit by:

- (a) prior to the transfer of the Trust Scheme Units on the Implementation Date, issuing the Scheme Shares as follows:
  - (i) to each Trust Scheme Participant (who is not an Ineligible Overseas Unitholder) one Scheme Share for each Trust Scheme Unit held by that Trust Scheme Participant on the Scheme Record Date; and
  - (ii) to the Sale Agent, on behalf of each Ineligible Overseas Unitholder, one Scheme Share for each Trust Scheme Unit held by that Ineligible Overseas Unitholder on the Scheme Record Date;
- (b) on the Implementation Date, entering in the Company’s share register:
  - (i) the name and address of each Trust Scheme Participant (who is not an Ineligible Overseas Unitholder) and the number of Scheme Shares which that

- Schemes Participant is entitled to receive under the Trust Scheme; and
- (ii) the name and address of the Sale Agent and the number of Scheme Shares issued to the Sale Agent on behalf of each Ineligible Overseas Unitholder under the Trust Scheme; and
- (c) on or within five Scheme Business Days after the Implementation Date despatching to each Trust Scheme Participant who is issued Scheme Shares by pre-paid ordinary post (or, if the address of the Trust Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register on the Scheme Record Date a holding statement for the Scheme Shares issued to that Trust Scheme Participant under the Trust Scheme. In the case of Trust Scheme Units held in joint names, holding statements for Scheme Shares must be issued in the names of joint holders and sent to the holder whose name appears first in the Register on the Scheme Record Date.

### 2.3 Status of Scheme Shares

The Scheme Shares to be allotted and issued by the Company as part of the Share Consideration will be of equal ranking with all existing fully paid ordinary Shares then on issue and will be allotted and issued free from all encumbrances.

### 2.4 Transfers to the Company

On the Implementation Date, subject to the Company having provided the Share Consideration in the manner contemplated by paragraph 2.2 and providing the Trustee with written confirmation of that having occurred, the following will occur:

- (a) all of the Trust Scheme Units, together with all rights and entitlements attaching to the Trust Scheme Units, as at that time will be transferred to the Company without the need for any further act by any Trust Scheme Participant (other than acts performed by the Trustee (or its directors, officers or attorneys) as attorney or agent of the Trust Scheme Participants under paragraphs 2.5 or otherwise);
- (b) the Trustee will procure:
  - (i) in the case of Trust Scheme Units in a CHES holding, a message to be transmitted to ASX Settlement in accordance with ASX Settlement Rules so as to transfer the Trust Scheme Units held by the Trust Scheme Participant from the CHES sub-register of the Trustee to the issuer sponsored sub-register operated by the Trustee; and
  - (ii) the delivery to the Company of transfers of all the Trust Scheme Units to the Company duly completed and executed on behalf of the Trust Scheme Participants in the form of Scheme Transfers which transfer all of the Trust Scheme Units to the Company; and
- (c) the Trustee will, immediately following receipt of the executed Scheme Transfers in respect of the Trust Scheme Units from the Company, enter the name and address of the Company in the Register in respect of all the Trust Scheme Units.

### 2.5 Implementation of Trust Scheme

- (a) Each Trust Scheme Participant and the Trustee must do all things and execute all deeds, instruments, transfers or other documents as may be necessary, desirable or reasonably incidental to give full effect to the Trust Scheme and the transactions contemplated by it.
- (b) Without limiting the Trustee's other powers under this paragraph 2.4, the Trustee has power to do all things that it considers necessary, desirable or reasonably incidental to give effect to the Trust Scheme, this schedule, the Scheme Implementation Agreement and the transactions contemplated by them.
- (c) Subject to the Corporations Act, the Trustee, the Company, or any of their respective directors, officers, employees or associates, may do any act, matter or thing described in or contemplated by this schedule even if they have an interest (financial or otherwise) in the outcome of such exercise.

### 2.6 Covenants and representations by the Trustee and Trust Scheme Participants

- (a) Each Trust Scheme Participant:
  - (i) irrevocably acknowledges that the Trust Scheme binds the Trustee and all Trust Scheme Participants, including those who do not attend the Trust Meeting, do not vote at that meeting or vote against the Trust Scheme Resolutions; and
  - (ii) irrevocably agrees to the transfer of all of their Units held at the Scheme Record Date to the Company in accordance with this schedule;
  - (iii) irrevocably agrees to the modification or variation (if any) of the rights attaching to their Units arising from this schedule;
  - (iv) irrevocably consents to the Trustee and the Company doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Trust Scheme, this

- schedule, the Scheme Implementation Agreement and the transactions contemplated by them;
- (v) who is not an Ineligible Overseas Unitholder, irrevocably agrees to become a member of the Company, and to have their name and address entered in the Company's Share register without the need for any further act by that Trust Scheme Participant; and
  - (vi) who is not an Ineligible Overseas Unitholder, irrevocably accepts the Scheme Shares issued pursuant to the Scheme on the terms and conditions of the Company Constitution without the need for any further act by that Trust Scheme Participant; and

- (b) From the Effective Date until the Trustee registers the Company as the holder of all Units in the Register, each Trust Scheme Participant is deemed to have appointed the Trustee as its attorney and agent (and directed the Trustee in such capacity) (and the Trustee accepts that appointment) to appoint the chairman of the Company (or other nominee of the Company) as its sole proxy and, where applicable, corporate representative to attend meetings of Unit Holders, exercise the votes attaching to the Units of which they are the registered holder and sign any resolution (and it is acknowledged and agreed that in exercising such powers the attorney and agent may act in the interests of the Company as the intended registered holder of those securities), and no Trust Scheme Participant may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this paragraph 2.6(b). The Trustee undertakes in favour of each Trust Scheme Participant that it will appoint the chairman of the Company as the Trust Scheme Participant's proxy or, where applicable, corporate representative in accordance with this paragraph 2.6(b).

## 2.7 Appointment of the Trustee as attorney and as agent for implementation of the Trust Scheme

Each Trust Scheme Participant, without the need for any further act by that Trust Scheme Participant, irrevocably appoints the Trustee as that Trust Scheme Participant's attorney and as that Trust Scheme Participant's agent for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Trust Scheme, this schedule, the Scheme Implementation Agreement and the transactions contemplated by them, including:

- (i) effecting a valid transfer or transfers of the Trust Scheme Units to the Company under paragraph 2.4(b), including executing and delivering any Scheme Transfers; and
  - (ii) executing any form of application (including any necessary consent) required for the Scheme Shares to be issued to Trust Scheme Participants or the Sale Agent in accordance with the Trust Scheme; and
- (b) enforcing the Deed Poll against the Company,

and the Trustee accepts such appointment. The Trustee, as attorney and as agent of each Trust Scheme Participant, may sub-delegate its functions, authorities or powers under this paragraph 2.7 to all or any of its directors and officers (jointly, severally, or jointly and severally). Each Trust Scheme Participant indemnifies the Trustee and each of its directors and officers against all losses, liabilities, charges, costs and expenses arising from the exercise of powers under this paragraph 2.7.

## 2.8 Status of Trust Scheme Units

- (a) To the extent permitted by law, the Trust Scheme Units transferred to the Company under this schedule will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) The Trust Scheme Participants are deemed to have warranted to the Trustee in its own right and on behalf of the Company that all their Trust Scheme Units (including any rights and entitlements attaching to those Units) which are transferred to the Company under this schedule will, at the date they are transferred to the Company, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind not referred to in this Constitution, and that they have full power and capacity to sell and to transfer such Trust Scheme Units (including any rights and entitlements attaching to those securities).
- (c) The Company will be beneficially entitled to the Trust Scheme Units transferred to it under this schedule pending registration by Trustee of the name and address of the Company in the Register as the holder of the Trust Scheme Units.

## 2.9 Suspension and termination of quotation of Units

- (a) The Trustee must apply to ASX for suspension of trading of the Units on the financial market known as the Australian Securities Exchange conducted by ASX with effect from the close of business on the Effective Date.

- (b) The Trustee must apply to ASX for termination of official quotation of Units on the financial market known as the Australian Securities Exchange conducted by ASX and the removal of the Trust from the official list of the ASX with effect from the Scheme Business Day immediately following the Implementation Date, or from such later date as may be agreed by the Company.

execution of a document), matter or thing pursuant to or in connection with the implementation of the Trust Scheme in accordance with this schedule and the Schemes Implementation Agreement.

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### **3 Sale Facility**

As soon as reasonably practicable the Company will procure that the Sale Agent, in accordance with the terms of the Sale Facility:

- (a) sells on ASX for the benefit of each Ineligible Overseas Unitholder, all the Scheme Shares issued to the Sale Agent under paragraph 2.2;
- (b) accounts to each Ineligible Overseas Unitholder for the proceeds of sale and any income attributable to those Scheme Shares (on an averaged basis so that all Ineligible Overseas Unitholders receive the same price per Scheme Share, subject to rounding to the nearest whole cent); and
- (c) remits the proceeds of sale due to each Ineligible Overseas Unitholder under clause 3(b) to the Company Registry on trust for the Ineligible Overseas Unitholder.

The Company must procure the Company Registry to promptly dispatch such proceeds either (at the Company's election) in:

- (i) Australian currency; or
- (ii) the currency of the jurisdiction in which the Ineligible Overseas Unitholder's registered address is situated, being converted at the exchange rate between that currency and Australian currency at a date not more than 15 Business Days after the sale of the last of the Scheme Shares under the Sale Facility.

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### **4 Effect of this schedule**

This schedule:

- (a) binds the Trustee and all Trust Scheme Participants, including those who do not attend the Trust Meeting, those who do not vote at that meeting and those who vote against the Trust Scheme Resolutions at that meeting; and
- (b) to the extent of any inconsistency, overrides the other provisions of this Constitution, but excluding clause 1.4 (General Compliance Provision) and 1.5 (Inconsistency with the Listing Rules).

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### **5 Trustee's limitation of liability**

Subject to the Corporations Act, without derogating from any limitation of the Trustee's liability in this Constitution, the Trustee has no liability of any nature whatsoever to holders of Shares, Units or Stapled Securities beyond the assets of the Trust arising, directly or indirectly, from the Trustee doing or refraining from doing any act (including the

## ANNEXURE B – COMPANY DEED POLL

### Details

**Parties:** The Company in favour of each Trust Scheme Participant

**Name:** Villa World Limited ACN 117 546 326

**Address:** Ground Floor, 9 Ouyan Street, Bundall QLD 4217

**In favour of:** Each Trust Scheme Participant

### Recitals

A On [date to be inserted once Scheme Implementation Agreement is signed], Villa World Management Limited (in its capacity as responsible entity for the Villa World Trust) and the Company entered into the Trust Scheme Implementation Agreement (“Scheme Implementation Agreement”).

B Under the Scheme Implementation Agreement, the Company has agreed, subject to the satisfaction or waiver of certain conditions, to execute this deed poll.

**Governing law** New South Wales

### General terms

#### 1 Defined terms and interpretation

##### 1.1 Defined terms

Terms used in this deed poll have the same meaning as in the Scheme Implementation Agreement unless otherwise defined in this deed poll or the context requires otherwise.

##### 1.2 Interpretation

This deed poll is to be interpreted according to corresponding rules to those set out in clause 1.2 (“References to certain general terms”) of the Scheme Implementation Agreement except that references to ‘this agreement’ will be taken as being references to ‘this deed poll’.

##### 1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

##### 1.4 Nature of deed poll

The Company acknowledges that this deed poll may be relied on and enforced by the Trust and any Scheme Participant in accordance with its terms even though they are not party to it.

#### 2 Condition precedent and termination

##### 2.1 Condition precedent

The obligations of the Company under this deed poll are conditional on the Trust

Scheme becoming Effective and all of the conditions precedent to the Scheme Implementation Agreement either being satisfied or waived in accordance with the terms of the Scheme Implementation Agreement.

##### 2.2 Termination

The obligations of the Company under this deed poll will automatically terminate, and the terms of this deed poll will be of no further force or effect, if the Scheme Implementation Agreement is terminated in accordance with its terms.

##### 2.3 Consequences of termination

If the obligations of the Company under this deed poll are terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Trust Scheme Participants:

- (a) the Company is released from its obligations to further perform this deed poll; and
- (b) Trust Scheme Participants retain any rights they have against the Company in respect of any breach of this deed poll which occurred before termination of this deed poll.

#### 3 Compliance with Trust Scheme

Subject to clause 2, in consideration for the transfer of Units to the Company in accordance with the Trust Scheme, the Company covenants in favour of each Trust Scheme Participant to do all things which the Trust Scheme contemplates that the Company is to do in accordance with the terms of the Trust Scheme, including the provision of the Share Consideration, even though the Company is not a party to the Trust Scheme.

#### 4 Warranties

The Company represents and warrants in respect of itself that:

- (a) **(incorporation)** it is a corporation validly existing under the laws of its place of incorporation;
- (b) **(corporate power)** it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into of this deed poll and has taken or, if the condition precedent referred to in clause 2.1 is satisfied or waived, will take all necessary corporate action to

authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

- (d) **(binding obligations)** this deed poll is valid and binding upon it.

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## **5 Continuing obligations**

This deed poll is irrevocable and remains in full force and effect until the Company has completely performed its obligations under this deed poll or the earlier termination of this deed poll under clause 2.2.

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## **6 General**

### **6.1 Nature of deed poll**

The Company acknowledges that this deed poll may be relied on and enforced by any Trust Scheme Participant in accordance with its terms even though those persons are not party to this deed poll.

### **6.2 Further assurances**

The Company will do all things and execute all deeds, instruments, transfers or other documents as may be necessary to give full effect to the provisions of this deed poll and the transactions contemplated by it.

### **6.3 Remedies cumulative**

The rights, powers and remedies of the Company and Trust Scheme Participants in this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity.

### **6.4 No waiver**

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

### **6.5 Assignment**

The rights and obligations of the Company and each Trust Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and none of the Company or any Trust Scheme Participant may attempt, or purport, to do so without the prior written consent of Villa World Management Limited and the Company.

### **6.6 Stamp duty**

All stamp duty that may be payable on or in connection with this deed poll and any instrument effected by, executed under or pursuant to this deed poll must be borne by the Company. The Company must indemnify

each Trust Scheme Participant on demand against any liability for that stamp duty.

### **6.7 Notices**

With respect to any notices, certificates, consents, approvals, waivers and other communications given or made to the Company in connection with this deed poll, the provisions of clause 10 ("Notices and other communications") of the Scheme Implementation Agreement apply to this deed poll with such changes as are necessary.

### **6.8 Variation**

A provision in this deed poll may only be varied by the Company if the variation is agreed to by Villa World Management Limited (acting reasonably) where such agreement may be given or withheld without reference to or approval by any Unitholder being required, in which event the Company will enter into a further deed poll in favour of the applicable Trust Scheme Participants giving effect to any such amendment.

### **6.9 Governing law and jurisdiction**

This deed poll is governed by the law in force in the place specified in the Details section of this deed poll. The Company submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this deed poll.

## **CORPORATE DIRECTORY**

### **VILLA WORLD GROUP INFORMATION**

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Address: 9 Ouyan Street, Bundall QLD 4217  
Mailing address: PO Box 7720, Gold Coast MC QLD 9726  
Telephone: +61 7 5588 8888  
Facsimile: +61 7 5588 88000  
Website: [www.villaworld.com.au](http://www.villaworld.com.au)  
Email: [info@villaworld.com.au](mailto:info@villaworld.com.au)

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### **SECURITYHOLDER INFORMATION AND ENQUIRIES**

All enquiries and correspondence regarding security holdings should be directed to Villa World Group's share registry provider:

Computershare Investor Services Pty Limited  
Mailing address: GPO Box 2975, Melbourne VIC 3001  
Telephone: 1300 552 270 or +61 3 9415 4000 (outside Australia)  
Facsimile: (07) 3237 2152 or +61 7 3237 2152 (outside Australia)  
Website: [www.computershare.com.au](http://www.computershare.com.au)  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

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### **VILLA WORLD GROUP INFOLINE**

Inside Australia: 1300 552 434  
Outside Australia: +61 7 5588 8851  
Villa World Management Limited (VWML) (ACN 116 506 882) is the responsible entity for Villa World Trust (ARSN 104 482 206)  
VWML holds AFSL Licence No 304866 and is a subsidiary of Villa World Limited (ACN 117 546 326)

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Villa World Limited (Company) ABN 38 117 546 326  
 Villa World Trust (Trust) ARSN 104 482 206  
 Villa World Management Limited ABN 77 116 506 882 AFSL 304866  
 ASX Code: VLW

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
 Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia

Alternatively you can fax your form to  
 (within Australia) 1800 783 447  
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
 (custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
 (within Australia) 1300 552 270  
 (outside Australia) +61 3 9415 4000

000001 000 VLW  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030



## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**



**Cast your proxy vote**



**Access the annual report**



**Review and update your securityholding**

**Your secure access information is:**

**Control Number: 999999**

**SRN/HIN: 1999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 10.00 am (Queensland time) Sunday 20 November 2011**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Group.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
 or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Villa World Group hereby appoint

the Chairman of the meetings **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meetings. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meetings, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting and General Meeting of Villa World Limited and Villa World Trust to be held at Panorama Suite, Gold Coast Arts Centre, 135 Bundall Road, Bundall on Tuesday, 22 November 2011 at 10.00 am and at any adjournment of that meeting.

### Important for Item 2 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 2 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 2, the Chairman of the Meeting will not cast your votes on Item 2 and your votes will not be counted in computing the required majority if a poll is called on this item. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Item 2).

The Chairman of the Meeting intends to vote all available proxies in favour of Item 2 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 2 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel.

## STEP 2 Items of Business

### ORDINARY BUSINESS

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain		For	Against	Abstain
Item 2 Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 8 Amendment to Trust Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Director - Richard Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 9 Acquisition Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Director - Troy Harry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 10 Resolution to Effect the Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Election of Director - Alexander Beard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Item 6 Buy-Back of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Item 7 Approval of the de-stapling of Company Shares and Trust Units	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /