

DATE OF BASE PROSPECTUS: 22 MARCH 2017

This Base Prospectus contains information that is relevant to all offers of simple corporate bonds (“Bonds”) made by Villa World Limited during the period from 22 March 2017 to 22 March 2020 (the “Covered Period”). To make an informed investment decision about a particular offer of Bonds, you must read this Base Prospectus together with the relevant Offer Specific Prospectus for the Tranche of Bonds you are considering investing in.



PART B: BASE PROSPECTUS

ISSUER: Villa World Limited ABN 38 117 546 326

CELEBRATING 30 YEARS
SUCCESS THROUGH PROPERTY



TABLE OF CONTENTS		PAGE
SECTION 1	What you need to know	3
SECTION 2	About the Bonds	7
SECTION 3	About Villa World	19
SECTION 4	Risks	29
SECTION 5	Other information you should consider	39
SECTION 6	Glossary	45

THIS PAGE HAS BEEN INTENTIONALLY BEEN LEFT BLANK

B

Section One

What you need to know



30 YEARS
EST. 1989



-
1. **To make an informed investment decision about the Bonds, you should read the relevant Offer Specific Prospectus and this Base Prospectus before investing.**
-

2. **About this Base Prospectus**

There will be a separate Offer Specific Prospectus for each offer of Bonds during the life of this Base Prospectus, being the Covered Period. The disclosure document for each such offer of Bonds during the Covered Period will consist of this Base Prospectus and an Offer Specific Prospectus for the offer.

Villa World Limited (ABN 38 117 546 326) ("**Villa World**" or the "**Issuer**") may, from time to time, offer simple corporate bonds, which are unsecured and unsubordinated debt securities and are referred to in this Base Prospectus as Bonds.

This Base Prospectus is dated 22 March 2017 and a copy was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that date.

This Base Prospectus will be the Base Prospectus for Bonds for the Covered Period, being the period of three years from the time it is lodged with ASIC.

This Base Prospectus alone is not an offer of Bonds. The offer in respect of a Tranche of Bonds is contained in the relevant Offer Specific Prospectus, this Base Prospectus and other information that is incorporated by reference into the relevant Offer Specific Prospectus and this Base Prospectus.

This Base Prospectus and the relevant Offer Specific Prospectus are together referred to in this Base Prospectus as the "**Offer Documents**".

Neither ASIC nor ASX Limited ("**ASX**") take any responsibility for the contents of the Offer Documents or the merits of an investment in the Bonds.

The Bonds are unsecured notes for the purposes of section 283BH of the Corporations Act.

3. **Documents relevant to the Bonds**

The Base Terms and the Trust Deed which are incorporated by reference into this Base Prospectus (see Section 3.5 ("Trust Deed relating to Villa World Bonds") of this Base Prospectus) are relevant to the Bonds and can be obtained from www.villaworld.com.au/investor-centre during the Covered Period.

Additional information about Villa World and the Bonds is publicly available through ASIC and ASX, and additional information on Villa World and on the Bonds can be obtained from www.villaworld.com.au/investor-centre (see Section 2 ("About the Bonds") and Section 3 ("About Villa World") of this Base Prospectus).

4. **The Offer Documents do not provide financial product or investment advice**

The information contained in the Offer Documents does not constitute financial product or investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Offer Documents in full before deciding whether to invest in any Bonds and consider the risks that could affect the performance of the Bonds.

The Offer Documents are only relevant for investors or potential investors in the Bonds and should not be used for any other purpose.

5. **Obtaining the relevant Offer Specific Prospectus and other documents**

The Offer Documents (and, during the Offer Period, the Application Form) and any other documents relevant to Villa World or the Bonds may be obtained electronically from www.villaworld.com.au/investor-centre.

If you access the relevant Offer Specific Prospectus and Base Prospectus electronically, the following conditions apply:

- you must download the entire Base Prospectus and the entire relevant Offer Specific Prospectus;
- your Application will only be valid where you have completed an Application Form that was attached to or accompanied by this Base Prospectus and the relevant Offer Specific Prospectus; and
- this Base Prospectus and the relevant Offer Specific Prospectus are available to you electronically only if you are accessing and downloading or printing the electronic copy of them in Australia.

Paper copies of this Base Prospectus and the relevant Offer Specific Prospectus can be obtained free of charge by calling the Villa World Bonds information line on 1300 651 684 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday 9.00 am to 5.00 pm (Sydney time).

6. Applications for the Bonds

Applications for the Bonds may only be made by filling out the Application Form accompanying the relevant Offer Specific Prospectus for that Tranche of Bonds during the period from the Opening Date to the Closing Date applicable to that offer (the relevant "Offer Period"). Information on who is eligible to apply for the Bonds and how to make an Application will be set out in the relevant Offer Specific Prospectus.

7. Providing personal information

You will be asked to provide personal information to Villa World (directly or via its agents) if you apply for the Bonds. See Section 5.2 ("Privacy") of this Base Prospectus for information on how Villa World and its agents collect, hold, and use this personal information.

8. Selling restrictions in foreign jurisdictions

For details on the selling restrictions that apply to the purchase of Bonds by investors in foreign jurisdictions, see Section 5.3 ("Selling restrictions") of this Base Prospectus.

9. No representation other than in the Offer Documents

No person is authorised to provide any information or to make any representation in connection with any Bonds that are not contained in the Offer Documents. Any information or representation not contained in the Offer Documents may not be relied upon as having been authorised by Villa World.

10. Defined words and expressions

Some words and expressions used in the Offer Documents have defined meanings. These words and expressions are capitalised and are defined in Section 6 ("Glossary") of this Base Prospectus.

A reference to \$, Australian dollars or Australian cents in the Offer Documents is a reference to Australian currency. A reference to time in the Offer Documents is a reference to Sydney, Australia time unless otherwise stated.

11. Forward-looking statements

The Offer Documents may contain forward-looking statements concerning Villa World's business, operations, and financial performance and condition as well as Villa World's plans, objectives and expectations for its business, operations, and financial performance and condition. Any statements contained in the Offer Documents that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "project", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about Villa World's business and the industry in which Villa World operates and Villa World management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond Villa World's control.

Should one or more of such risks or uncertainties materialise, or should any of the underlying beliefs or assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Villa World does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in the Offer Documents will actually occur and you are cautioned not to place undue reliance on the forward-looking statements.

Unless required by law, Villa World does not intend to publicly update or revise any forward-looking statements to reflect new information or future events.

12. More information

If you have any questions about the Bonds, you should seek advice from your financial adviser or other professional adviser. You can also call the Villa World Bonds Information Line on 1300 651 684 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday 9.00 am to 5.00 pm (Sydney time).

To find out more about the pros and cons of investing in corporate bonds (such as the Bonds), visit ASIC's MoneySmart website: <http://www.moneysmart.gov.au>.

ASIC and ASX have also published guidance for retail investors who are considering investing in bonds such as the Bonds. Information on where to obtain a copy of this guidance is set out in Section 2.2.1 ("Other guidance from ASIC and ASX") of this Base Prospectus.

More information on corporate bonds (such as the Bonds) and the things you should consider before making an investment decision can be found on ASIC's MoneySmart website at <http://www.moneysmart.gov.au>

2.1 SUMMARY OF THE PROGRAMME

This Base Prospectus relates to a programme for the issuance of Bonds ("**Programme**") established by Villa World under which Bonds may be issued in one or more series (each a "**Series**") made up of one or more tranches (each a "**Tranche**") from time to time during the Covered Period, subject to the publication of an Offer Specific Prospectus applicable to the relevant Tranche.

The relevant Offer Specific Prospectus will contain the terms and information specific to the Tranche, including:

- Face Value and Issue Price;
- Interest Rate;
- Interest Payment Dates;
- Issue Date;
- Maturity Date;
- listing on ASX; and
- selling restrictions,

together with any other terms and conditions and information not set out in this Base Prospectus.

This Base Prospectus must be read together with the relevant Offer Specific Prospectus, which are together referred to as the "**Offer Documents**". Details of where you can obtain a copy of the relevant Offer Specific Prospectus are set out on pages 4 and 5 ("Obtaining the relevant Offer Specific Prospectus and other documents") of this Base Prospectus and on Villa World's website at www.villaworld.com.au/investor-centre.

The following summary should be read in conjunction with the remainder of this Base Prospectus and the relevant Offer Specific Prospectus and any other documents incorporated by reference into the Offer Documents or referred to in the Offer Documents.

		Further information	Page
2.1.1	GENERAL		
Issuer	Villa World Limited (ABN 38 117 546 326).	Section 3 of this Base Prospectus	19
Programme	<p>A simple corporate bond issuance programme under which Villa World may issue unsubordinated and unsecured simple corporate bonds ("Bonds"). The Bonds will be offered in one or more Series. Each Series may be made up of one or more Tranches.</p> <p>Each Series of Bonds is likely to have different features from each other, including the Issue Date, Face Value, Maturity Date (which may not be later than 15 years after the Issue Date), Interest Rate, Interest Payment Dates and any other features described in the relevant Offer Specific Prospectus.</p> <p>Each Tranche in a Series of Bonds will have the same Terms, except they may differ in respect of the Issue Date and the first payment of Interest.</p>	Base Terms	
What is a Villa World Bond?	An unsubordinated and unsecured debt obligation, issued by Villa World, which pays Interest periodically. Each Bond is issued on and subject to the terms and conditions of the relevant Tranche of Bonds set out in the Offer Documents and the Trust Deed.	Base Terms	
Face Value and Issue Price	\$100 per Bond (unless a different amount is specified in the relevant Offer Specific Prospectus).	Base Terms (Clause 1.3)	

		Further information	Page
Currency	Australian dollars.		
Terms	The terms of the Bonds of a Tranche comprise the Base Terms as supplemented, amended, modified or replaced by the Offer Specific Terms set out in the relevant Offer Specific Prospectus.	Base Terms, Offer Specific Prospectus	
Key benefits	<ul style="list-style-type: none"> – Periodic payments of Interest in cash which are calculated at either a fixed or a floating interest rate (comprised of a reference rate and a fixed margin) as specified in the relevant Offer Specific Prospectus – Interest payments cannot be deferred by Villa World. They are not discretionary and must be paid on the Interest Payment Dates specified in the relevant Offer Specific Prospectus – Will have a fixed term of up to a maximum of 15 years, as specified in the relevant Offer Specific Prospectus – May be sold by investors on ASX prior to maturity, assuming there is a liquid market – Will rank equally with each other and at least equally with all other unsubordinated and unsecured creditors of Villa World. However, they rank behind secured creditors and any creditors mandatorily preferred by law – Provide investors with an opportunity to diversify their investment portfolio <p>There are risks associated with investing in Villa World and the Bonds. The risks that Villa World believes represent the principal risks in investing in the Bonds are outlined in Section 4 (“Risks”) of this Base Prospectus. You must read the risk section along with the remainder of this Base Prospectus and the relevant Offer Specific Prospectus in full before deciding whether to invest in Bonds.</p>		
2.1.2 INTEREST			
Interest is payable	<p>The Bonds will pay Interest at either a fixed or floating Interest Rate which will be set out in the relevant Offer Specific Prospectus.</p> <p>Interest will be payable in arrear on each Interest Payment Date.</p>	Offer Specific Prospectus	
Interest Rate	<p>The Interest Rate for each Interest Period will either be a fixed Interest Rate or a floating Interest Rate.</p> <p>If the Bonds have a fixed Interest Rate, the Interest Rate (expressed as a percentage per annum) will be set out in the relevant Offer Specific Terms. The amount of Interest payable on each Interest Payment Date will be set out in the relevant Offer Specific Terms, or will be calculated on the basis set out under the heading “Calculation of Interest payable” below.</p> <p>If the Bonds have a floating Interest Rate, the Interest Rate (expressed as a percentage per annum) for each Interest Period will be calculated according to the following formula:</p> <p>Interest Rate = Market Rate + Margin</p> <p>The Market Rate will be the “Base Rate” (or such other rate specified in the Offer Specific Terms) and the Margin will be the rate (expressed as a percentage per annum) which is specified in the Offer Specific Terms.</p>	Base Terms (Clause 2), Offer Specific Prospectus	

		Further information	Page
Base Rate	<p>The Base Rate is, for an Interest Period, the rate (expressed as a percentage per annum) which is designated as the mid-rate having a tenor closest to the Interest Period on the Thomson Reuters BBSW screen page (or any successor or replacement page) on the first day of the Interest Period.</p> <p>The Base Rate is a key benchmark interest rate for the Australian money market. It is currently based on an average of rates for the relevant period obtained from approved trading venues by the ASX.</p> <p>The Base Rate changes to reflect supply and demand within the cash and currency markets.</p>	Definition of "Base Rate" in Section 6 ("Glossary") of this Base Prospectus	46
Calculation of Interest payable	<p>If the Bonds have either (i) a floating Interest Rate or (ii) a fixed Interest Rate but a fixed interest payment amount is not specified in the relevant Offer Specific Prospectus, Interest on each Bond for each Interest Period will be calculated using the following formula:</p> <p>Interest = Interest Rate x Face Value x Day Count Fraction</p> <p>where the Face Value, Interest Rate and Day Count Fraction are set out in the relevant Offer Specific Prospectus.</p> <p>In such circumstances, Villa World will notify the Trustee of, and announce to ASX, the applicable Interest Rate and the amount of Interest payable per Bond for each Interest Period.</p> <p>This notice and announcement will be made as soon as practicable after Villa World makes its determination of the Interest Rate and the amount of Interest payable, but in any event, by no later than the fourth Business Day of each Interest Period.</p>	Base Terms (Clauses 2.5 and 2.7)	
Interest Payments are mandatory	Interest payments are not deferrable and are mandatory. Failure to pay interest within 10 Business Days after the due date will constitute an Event of Default.	Base Terms (Clause 2 and 6)	
Interest Payment Dates	Interest Payment Dates will be set out in the relevant Offer Specific Prospectus.	Offer Specific Prospectus	
Interaction between the Interest Rate and the yield	<p>If a Series of Bonds pays a fixed interest rate, an increase in market interest rates may cause the trading price of the Bonds to fall more than would be the case for an equivalent Bond that pays a floating interest rate.</p> <p>If a Series of the Bonds pays a floating interest rate then the interest rate will fluctuate (both increase and decrease) over time with movements in the Market Rate. This may also affect the yield on the Bonds. Holders should refer to the ASX and ASIC guidance (referred to in Section 2.2.1 of this Base Prospectus) which helps explain the measures of return on bonds.</p>	Section 4 of this Base Prospectus	30
2.1.3 TERM, MATURITY DATE, REDEMPTION AND EVENTS OF DEFAULT			
Term/Maturity Date	The Bonds will have a fixed term of no more than 15 years and the Maturity Date will be specified in the relevant Offer Specific Prospectus for a Tranche of Bonds.	Offer Specific Prospectus	
Repayment of Face Value on the Maturity Date	<p>On the Maturity Date, Holders will receive:</p> <ul style="list-style-type: none"> – the Face Value; plus – the final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date, <p>unless the Bonds are Redeemed early in the circumstances set out below.</p>	Base Terms (Clause 5.1), Offer Specific Prospectus	

		Further information	Page
Early Redemption rights for Villa World	<p>Villa World will have the right (but not the obligation) to Redeem all (but not some) of the Bonds prior to the Maturity Date on the occurrence of a Tax Event or a Change of Control Event or if a Clean Up Condition subsists.</p> <p>A "Tax Event" will occur if, as a result of a change in a law or in the application or interpretation of a law, there is a more than insubstantial risk that:</p> <ul style="list-style-type: none"> – any payment to a Holder under a Bond will be subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which Villa World must pay an Additional Amount; or – Villa World will not be allowed a deduction for payments of interest for Australian tax purposes. <p>A "Clean Up Condition" will subsist in respect of a Series if the aggregate Face Value of the Bonds of that Series that remain on issue is less than 10 per cent of the aggregate Face Value of the Bonds issued under that Series.</p> <p>In order to exercise the above Redemption rights, Villa World must satisfy certain notification and timing requirements which are set out in Clause 5 of the Base Terms (and may also be specified in the Offer Specific Terms).</p> <p>On Redemption, Holders will be paid the "Redemption Amount", being the Face Value of each Bond and any accrued but unpaid Interest up to (but excluding) the Redemption Date.</p> <p>Early Redemption on the occurrence of a Change of Control Event is described below.</p>	Base Terms (Clauses 5.3, 5.4 and 5.5), Offer Specific Prospectus	
Early Redemption rights for Holders and Villa World on the occurrence of a Change of Control Event	<p>If a Change of Control Event occurs, the Holders may, by passing a Holder Resolution, direct the Trustee to require Villa World to redeem all (but not some) of the Bonds of a Series. Villa World also has an option to Redeem all (but not some) of the Bonds of a Series on the occurrence of a Change of Control Event.</p> <p>Broadly, a "Change of Control Event" will occur if, at any time, any person either alone or together with its associates (as defined in the Corporations Act), either in a single transaction or series of related transactions, beneficially acquires more than 50% of the Ordinary Shares on issue, including (without limitation) if after the Issue Date:</p> <ul style="list-style-type: none"> – any person makes a takeover bid (as defined in the Corporations Act) to acquire some or all of Villa World's Ordinary Shares and the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Ordinary Shares on issue or the directors of Villa World recommend acceptance of the offer under the takeover bid; or – a court approves a proposed scheme of arrangement under Part 5.1 of the Corporations Act which, when implemented, will result in a person having a relevant interest in 100% of the Ordinary Shares on issue. <p>Villa World must inform Holders and make an announcement to ASX if a Change of Control Event occurs as soon as reasonably practicable after the occurrence of the event. Clause 5.4 of the Base Terms sets out certain notification and timing requirements which apply in respect of a Redemption on the occurrence of a Change of Control Event. Such information may also be specified in the Offer Specific Terms.</p>	<p>Base Terms (Clause 5.4) and definition of "Holder Resolution" in Section 6 ("Glossary") of this Base Prospectus</p> <p>Holders should refer to the definition of "Change of Control Event" in Clause 12.4 of the Base Terms for further detail on what constitutes a change of control of Villa World</p>	

		Further information	Page
Repayment upon early Redemption	<p>If the Bonds are Redeemed before the Maturity Date, you will receive the Redemption Amount being:</p> <ul style="list-style-type: none"> – the Face Value; plus – the accrued but unpaid Interest up to (but excluding) the Redemption Date. 	Base Terms (Clauses 5.3, 5.4 and 5.5), definition of "Redemption Amount" in Section 6 ("Glossary") of this Base Prospectus, Offer Specific Prospectus	
Event of Default	<p>An "Event of Default" will occur in relation to a Series of Bonds if:</p> <ul style="list-style-type: none"> – (Non-payment) Villa World fails to pay within 10 Business Days after the due date any amount payable by it (interest or principal) under any Bond of that Series. – (Breach of other obligations) Villa World fails to comply with any of its other material obligations under the terms of the Bonds or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after Villa World has received written notice from the Trustee in respect of the failure. – (Cross-acceleration) Any Financial Indebtedness greater than \$5 million (or its equivalent in any other currency) of any member of the Group becomes due and payable before its stated maturity date due to the occurrence of a default under that Financial Indebtedness. This Event of Default does not apply to any members of the Group that are joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice. – (Insolvency) An Insolvency Event occurs in respect of Villa World. This Event of Default is not triggered by an Insolvency Event in respect of any member of the Group, other than an Insolvency Event in respect of Villa World. – (Guarantee) The Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect. – (Vitiation) All or any rights or obligations of Villa World, Holders or the Trustee under the Trust Deed or terms of the Bonds are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect (other than because of equitable principles or laws affecting creditors' rights generally or the replacement of the Trustee pursuant to the Trust Deed). – (Illegality) It is at any time unlawful for Villa World to perform any of its payment obligations under the Bonds. 	Base Terms (Clause 6.1), Offer Specific Prospectus	
Consequences of an Event of Default	<p>If an Event of Default occurs and is continuing in relation to the Bonds of a Series, the Trustee may in its discretion declare the Face Value (together with all accrued but unpaid Interest (if any)) to be immediately due and payable to the Holders.</p> <p>The Trustee is not bound to take the action referred to above unless it is directed by a Holder Resolution to do so (or requested in writing by the Holders which hold in aggregate</p>	Base Terms (Clause 6.3) and definition of "Special Resolution" in Section 6 ("Glossary") of this Base Prospectus	

		Further information	Page
	<p>more than 50% of the relevant Series of Bonds) and the Trustee has been indemnified as required under the Trust Deed and is not otherwise restricted by law from doing so.</p> <p>If a Non-payment Event of Default (described above) is subsisting, Villa World will not declare or pay a dividend, make any capital return or make any distribution on any issued share in Villa World, or pay any interest or other amounts in respect of any debt security issued which ranks behind the Bonds in priority for payment of interest or other similar amounts.</p>		
Guarantee	<p>As at the date of this Base Prospectus, Villa World expects to be able to meet its payment obligations under the Bonds. Such payment obligations have the benefit of a Guarantee given by the Guarantors. Villa World is required to ensure that, so long as any Bond remains outstanding, each member of the Group which provides a guarantee of the indebtedness of any other member of the Group, under the terms of any of the Group's external bank debt facilities, is a Guarantor.</p> <p>If a Guarantor ceases to provide a guarantee under the terms of any of the Group's external bank debt facilities, such Guarantor will be entitled to be released as a Guarantor without the consent of the Holders.</p> <p>The above requirements as to the Guarantors and the release of Guarantors do not apply to joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice.</p> <p>Under the terms of the Guarantee, each Guarantor has unconditionally and irrevocably, and jointly and severally, guaranteed to the Trustee and to each Holder the due and punctual payment of moneys owing to Holders under the Bonds. This means that, if Villa World defaults in the due and punctual payment of moneys owing to Holders under the Bonds, the Trustee (on behalf of the Holders) can make a demand for payment from any Guarantor. Holders should be aware that the ability of each Guarantor to make such payments depends on the financial capacity of that Guarantor. The Guarantee is not a bank guarantee.</p> <p>The obligations of a Guarantor under the Guarantee rank at least equally with each other and at least equally with all other unsubordinated and unsecured obligations of the Guarantor (other than any obligations preferred by mandatory provisions of applicable law). The obligations of a Guarantor under the Guarantee shall rank behind any secured obligations of the Guarantors.</p>	Base Terms (Clauses 3.3 and 4.3) and Trust Deed (Clause 3.6 and Schedule 4)	
2.1.4 COVENANT – NEGATIVE PLEDGE BY VILLA WORLD			
Negative Pledge	<p>Villa World will not, and will ensure that no Guarantor will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its (or a Guarantor's) present or future assets or revenues to secure any Relevant Indebtedness or any guarantee relating to any Relevant Indebtedness.</p> <p>Villa World or a Guarantor may create or permit to subsist a Security Interest (which is not a Permitted Security Interest) if, at the same time, either the same Security Interest, an equal ranking security or such other security as is approved by a Special Resolution of the Holders is also granted in favour of the Holders.</p> <p>The negative pledge described above ("Negative Pledge")</p>	Base Terms (Clause 4.1) and definitions of "Security Interest", "Permitted Security Interest", "Relevant Indebtedness", "Secured Gearing Ratio" and "Special Resolution" in Section 6 ("Glossary") of this Base Prospectus	

		Further information	Page
	<p>does not apply to restrict the granting of Security Interests granted by members of the Group which are not Villa World or a Guarantor.</p> <p>For the avoidance of doubt, the Negative Pledge does not restrict the granting of Security Interests by joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice.</p> <p>"Security Interest" is broadly defined and means any mortgage, charge, pledge, lien or other security interest securing any obligation.</p> <p>"Permitted Security Interest" means a Security Interest granted in connection with any Relevant Indebtedness, provided that after giving pro-forma effect to the incurrence of such Relevant Indebtedness based on the Group Financial Statements and the application of the proceeds thereof, the Secured Gearing Ratio would not be greater than the percentage specified in the Offer Specific Terms.</p> <p>"Relevant Indebtedness" broadly means any indebtedness incurred on or after the Issue Date by Villa World or a Guarantor under debentures or bonds (or other like instruments) which are listed on a stock exchange or traded over-the-counter or a syndicated term loan or other term loan arrangement (except loans made by Villa World to a member of the Group or by a member of the Group to Villa World).</p> <p>"Secured Gearing Ratio" means Secured Gearing Ratio Debt divided by Gearing Ratio Assets, expressed as a percentage. The components of the ratio are defined in clause 12.4 of the Base Terms and in the Glossary in Section 6 of this Base Prospectus.</p>		
Limitation on debt incurrence covenant	<p>Villa World will not incur, and will ensure that no Guarantor incurs, any Financial Indebtedness on or after the Issue Date if the incurrence of such Financial Indebtedness would result in the Gearing Ratio being greater than the percentage specified in the Offer Specific Terms.</p> <p>The debt incurrence covenant is not applied on the incurrence of debt by any member of the Group which is not Villa World or a Guarantor and, for the avoidance of doubt, is not applied to joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice.</p> <p>"Financial Indebtedness" means any indebtedness, present or future, actual or contingent in relation to money borrowed or raised or any other financing.</p> <p>"Gearing Ratio" means Gearing Ratio Debt divided by Gearing Ratio Assets, expressed as a percentage. The components of the ratio are defined in clause 12.4 of the Base Terms and in the Glossary in Section 6 of this Base Prospectus.</p>	<p>Base Terms (Clause 4.2) and definitions of "Security Interest", "Permitted Security Interest", "Relevant Indebtedness", "Secured Gearing Ratio" and in Section 6 ("Glossary") of this Base Prospectus</p>	
2.1.5 SECURITY AND RANKING			
Security	<p>The Bonds are unsecured. This means that they are not secured against any asset of Villa World or any of its Subsidiaries (including any Guarantor) or any other person.</p>	<p>Base Terms (Clause 3), Offer Specific Prospectus</p>	

		Further information	Page										
Ranking on a winding up of Villa World	<p>On a winding up of Villa World, the Bonds of all Series will rank for payment of Face Value and accrued but unpaid Interest equally with each other and at least equally with all other unsubordinated and unsecured obligations of Villa World and behind secured creditors and any obligations preferred by mandatory provisions of applicable law, including employee entitlements.</p> <p>The table below illustrates how the Bonds would rank on a winding up of Villa World:</p> <table><tr><th>Type</th><th>Illustrative examples¹</th></tr><tr><td>Preferred and secured debt</td><td>Liabilities preferred by law including employee entitlements, tax-related liabilities and secured creditors</td></tr><tr><td>Unsubordinated and unsecured debt</td><td>Bonds and notes (including the Bonds), trade and general creditors</td></tr><tr><td>Subordinated instruments</td><td>Any preference shares or other securities expressed to rank behind the unsubordinated and unsecured debt</td></tr><tr><td>Equity securities</td><td>Shareholders' interests in Villa World</td></tr></table>	Type	Illustrative examples ¹	Preferred and secured debt	Liabilities preferred by law including employee entitlements, tax-related liabilities and secured creditors	Unsubordinated and unsecured debt	Bonds and notes (including the Bonds), trade and general creditors	Subordinated instruments	Any preference shares or other securities expressed to rank behind the unsubordinated and unsecured debt	Equity securities	Shareholders' interests in Villa World	Base Terms (Clause 3), Offer Specific Prospectus	
Type	Illustrative examples ¹												
Preferred and secured debt	Liabilities preferred by law including employee entitlements, tax-related liabilities and secured creditors												
Unsubordinated and unsecured debt	Bonds and notes (including the Bonds), trade and general creditors												
Subordinated instruments	Any preference shares or other securities expressed to rank behind the unsubordinated and unsecured debt												
Equity securities	Shareholders' interests in Villa World												

Villa World is a holding company and its assets include its investments in other members of the Group. As a holding company, Villa World is dependent upon intercompany transfers of funds from other members of the Group to meet its obligations under the Terms.

Information on the facility limits and amounts drawn down on Villa World's existing financing facilities will be set out in Section 3 of the relevant Offer Specific Prospectus as at the date of that Offer Specific Prospectus. Subject to compliance by Villa World and the Guarantors with the limitation on debt incurrence covenant described above, Villa World, the Guarantors and other members of the Group may incur further Financial Indebtedness from time to time.

Villa World has secured debt obligations and these obligations would rank ahead of the Bonds in a winding up of Villa World. Information on the facility limits and amounts drawn down on Villa World's existing secured financing facilities will be set out in the relevant Offer Specific Prospectus as at the date of the relevant Offer Specific Prospectus. Subject to compliance by Villa World and the Guarantors with the Negative Pledge described above, Villa World, the Guarantors and other members of the Group may create or permit to subsist Security Interests from time to time including in respect of Financial Indebtedness.

The information contained in Section 3 of the relevant Offer Specific Prospectus will not include financing facilities of joint venture entities which are included in the consolidated financial statements of the Group.

¹ This diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Villa World, or every potential claim against Villa World in a winding up. Villa World will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or behind, the Bonds.

		Further information	Page
Further issues of securities	<p>Villa World may, from time to time, issue additional Series of Bonds in accordance with this Base Prospectus and the relevant Offer Specific Prospectus that will be issued at the time of that offering.</p> <p>Villa World will use its reasonable endeavours to ensure that each Series of Bonds will be quoted on a stock exchange under a code specified in the relevant Offer Specific Prospectus.</p> <p>Villa World also has the right to issue other debt securities that have the same or different terms and conditions to the Bonds. These securities may rank ahead of, equally with, or behind the Bonds. Such issues may be subject to the Negative Pledge and limitation on debt incurrence covenant. In the event that equity securities are issued such as Ordinary Shares or options, the issuance of such securities would not be subject to the Negative Pledge and debt incurrence covenant.</p>	Base Terms (Clauses 1.8 and 10.4), Offer Specific Prospectus	
2.1.6 FURTHER INFORMATION			
No voting rights of Holders	Holders do not have a right to vote at meetings of shareholders of Villa World. However, Holders are entitled to vote on certain matters that affect their rights under the Trust Deed.	Base Terms (Clause 1.10), Trust Deed	
Taxation implications	You should seek professional tax advice that takes into account your particular circumstances before deciding whether to invest in the Bonds.	Section 5.1 of this Base Prospectus	40
Listing	Expected to be quoted on the ASX.	Offer Specific Prospectus	
Amendment of Terms	<p>Villa World may, with the approval of the Trustee, but without the consent of Holders, amend the terms of a Series of Bonds if Villa World is of the opinion that the amendment:</p> <ul style="list-style-type: none"> – is of a formal or technical or minor nature – is made to cure any ambiguity or correct any manifest or proven error – is necessary or expedient for the purposes of listing the Bonds, offering the Bonds for subscription or sale or complying with the provisions of any statute or the requirements of any statutory authority or complying with applicable regulation, or – in any other case where such amendment is not materially prejudicial to the interests of Holders of that particular Series as a whole. <p>Other amendments to the terms of a Series of Bonds may be made with consent obtained through a properly convened meeting of Holders of that Series pursuant to the Base Terms and the Trust Deed.</p>	Base Terms (Clause 10.3)	
Trust Documents	<p>The terms and conditions of the Bonds are set out in the Trust Deed.</p> <p>The Trust Deed is incorporated by reference into this Base Prospectus and is available from www.villaworld.com.au/investor-centre.</p>	Section 5.5 of this Base Prospectus Base Terms	43
Trustee	The Trustee for Holders of the Bonds is Australian Executor Trustees Limited ACN 007 869 794.	Sections 3.5 and 5.5 of this Base Prospectus Base Terms	23, 43

		Further information	Page
	The Trustee holds on trust (for the benefit of Holders) the right to enforce Villa World's obligations in respect of the Bonds and the right to enforce the Guarantors' obligations under the Guarantee. The Trustee does not guarantee repayment of the Face Value of the Bonds or the payment of Interest on the Bonds.		
Fees and charges	No fees, charges, brokerage, commission or stamp duty is payable by you on your application for the Bonds. You may be required to pay brokerage if you sell your Bonds after the Bonds are quoted on a stock exchange.	Offer Specific Prospectus	
Selling restrictions	The distribution of the Offer Documents and the offer or sale of Bonds may be restricted by laws in certain jurisdictions.	Section 5.3 of this Base Prospectus	43
Governing Law	Queensland, Australia.	Section 5.6 of this Base Prospectus, Base Terms (Clause 10.5)	43

2.2 HOW A BOND WORKS

A bond is an agreement between a company and an investor that the investor will lend the company an amount of money, which the company will repay to the investor at the end of an agreed period. The “face value” of a bond represents the principal amount that the company has promised to repay to the investor and is the basis for the calculation of the interest payable on the bond. Generally, the issue price (i.e. the amount that the investor pays the company for the bond) is the same amount as the face value (unless otherwise specified).

While the company is borrowing the money, the company will periodically pay interest to the investor. The amount of interest payable on each bond is equal to the face value multiplied by the agreed interest rate. Interest is payable periodically in arrear.

If bonds are listed on a stock exchange and an investor does not wish to hold the bonds for the whole term, the investor can sell them on the stock exchange. However, depending upon the price at which the bonds are trading on the stock exchange, the bonds may be sold for an amount more, less or equal to the face value.

Bonds may be considered as part of a diversified investment plan. In an investment portfolio, bonds may perform a different role to conservative investments such as savings and deposit accounts, as the market value of bonds can go up and down depending on economic conditions and interest rates.

The main risks of investing in bonds include:

- the company issuing the bonds may experience financial difficulty, meaning it may not make interest payments when they are due;
- the company issuing the bonds may go out of business entirely, meaning that investors may not be repaid, including any outstanding interest at that time; and
- investors may not be able to sell their bonds on the ASX or the relevant securities exchange on which the bonds are listed to exit their investment before their maturity date, or may only be able to do so at a loss.

Refer to Section 4 of this Base Prospectus for further consideration of risks.

2.2.1 OTHER GUIDANCE FROM ASIC AND ASX

ASIC and ASX have published guidance for retail investors who are considering investing in bonds such as the Bonds.

ASIC’s guidance is called “Investing in corporate bonds?” and can be found at www.moneysmart.gov.au. Free copies of this publication can also be obtained by calling ASIC on 1300 300 630 (from Australia) or +61 3 5177 3988 (from outside Australia).

ASX’s guidance is called “Understanding Bonds” and can be found at <http://www.asx.com.au/products/bonds.htm>. Free copies of this publication can also be obtained by calling ASX on 131 279 (within Australia) or +61 2 9338 0000 (outside of Australia).

For a further explanation of how a bond works, please refer to www.moneysmart.gov.au.

2.2.2 OTHER GUIDANCE IN THIS BASE PROSPECTUS

Securities such as the Bonds have certain risks. You should read Section 4 (“Risks”) of this Base Prospectus for information about the key risks associated with the Bonds.



3.1 INFORMATION ABOUT VILLA WORLD AND THE BONDS

A publicly listed company must release financial reports and continuously disclose information that may have an impact on the price of its listed securities. This information is available publicly on the relevant market exchange. You should consider this information when making an investment decision about the Bonds. While this information is important, it is not considered part of the disclosure document for the offer of Bonds using this Base Prospectus and the relevant Offer Specific Prospectus. Copies of documents lodged with ASIC in relation to Villa World may be obtained from, or inspected at an ASIC office, and certain of this information is incorporated by reference in the Offer Documents. Copies of documents lodged with ASX can be obtained from www.asx.com.au.

In addition, the following information can be obtained from Villa World's corporate website (www.villaworld.com.au/investor-centre):

- Villa World's annual and half-year financial reports; and
- Continuous disclosure announcements submitted by Villa World to ASX.

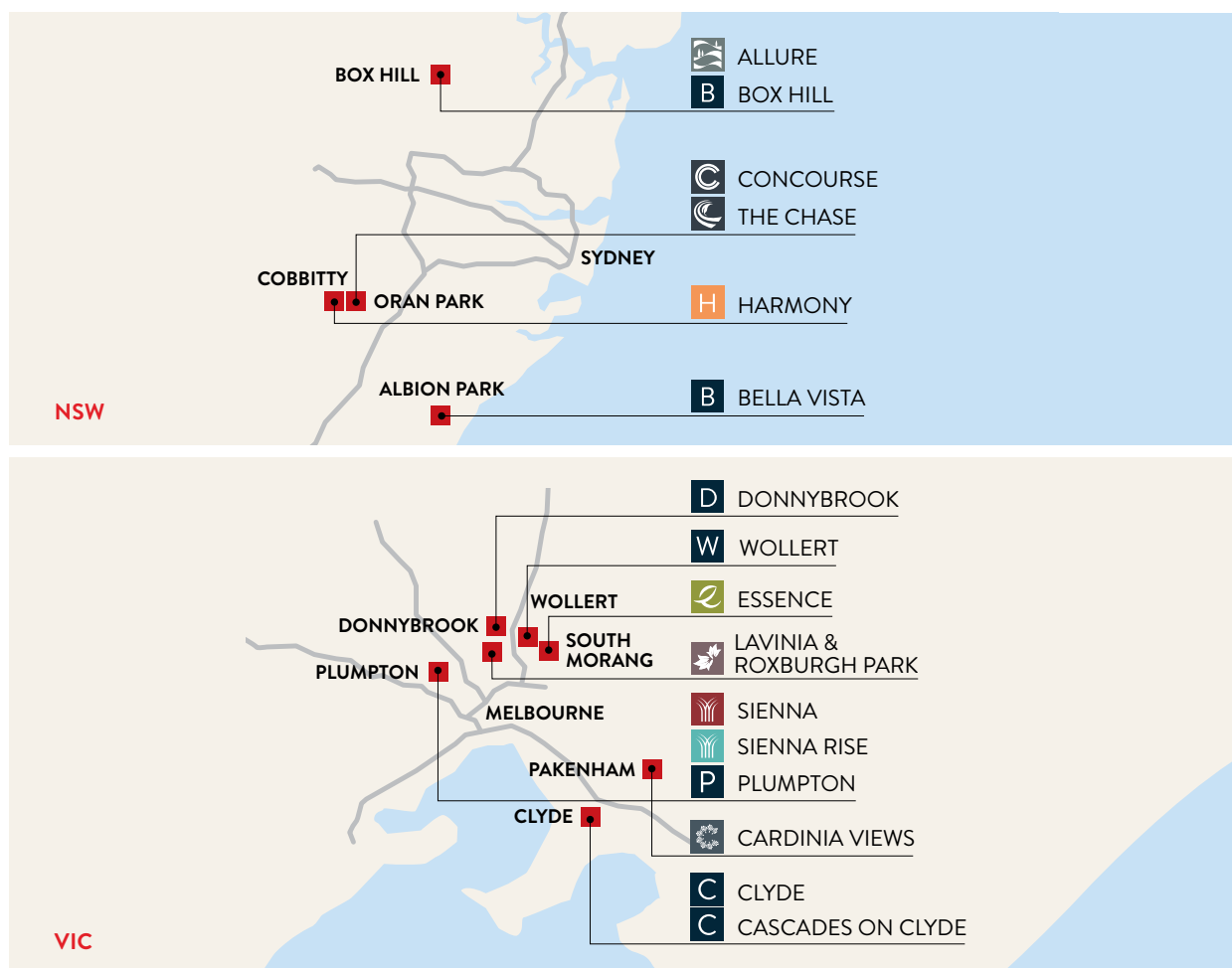
3.2 BUSINESS DESCRIPTION

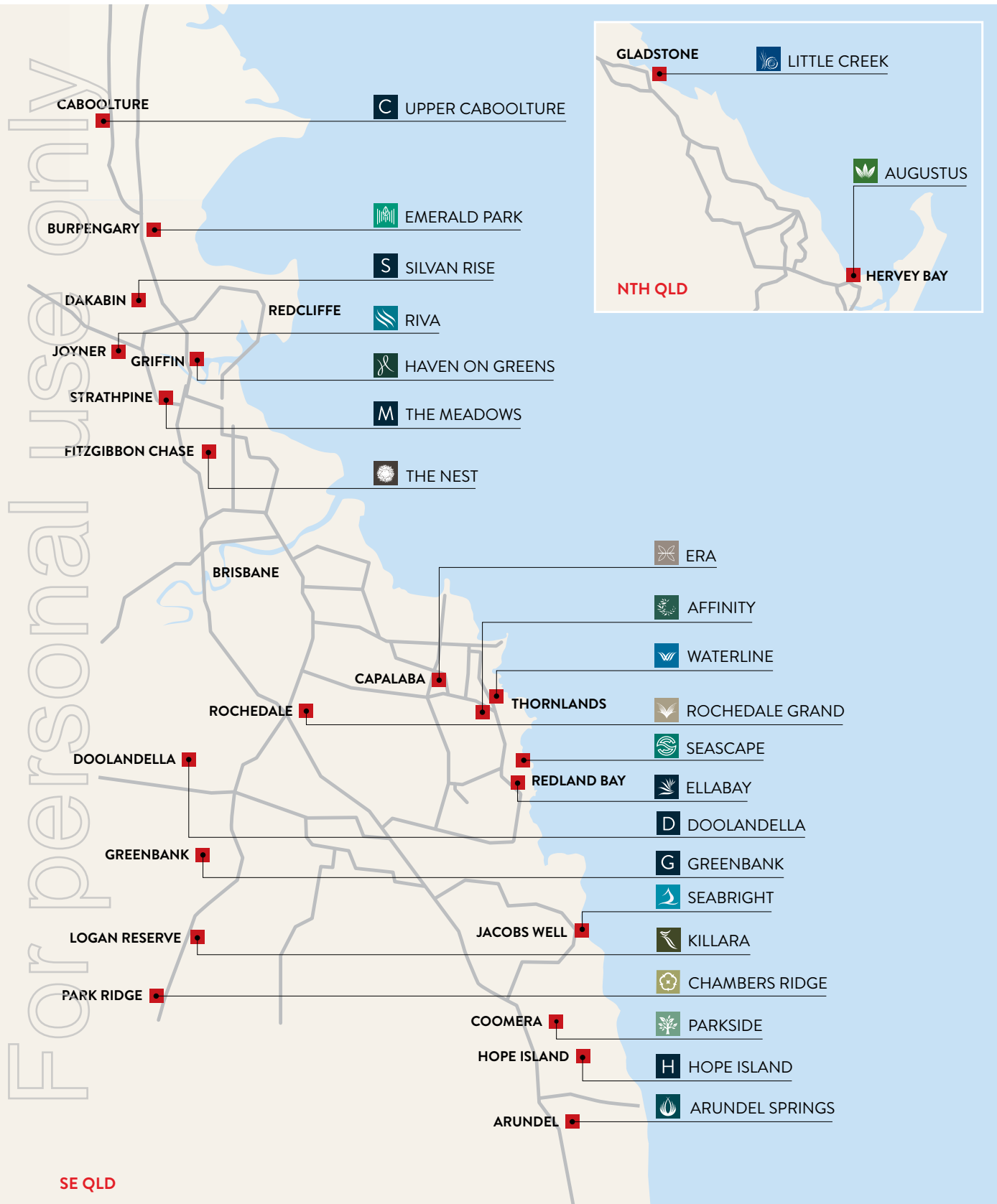
3.2.1 OVERVIEW

Villa World Limited is the issuer of the Bonds and a member of the Group. Villa World is an east coast residential developer with development and construction operations across New South Wales, Queensland and Victoria and is an S&P/ASX300 company.

Villa World acquires, develops and markets residential land, and house and land estates. Villa World offers well-located land only product, as well as affordable to mid-priced 'house and land' packages and integrated housing starting at \$350,000, under a no-variations, turnkey model.

3.2.2 VILLA WORLD'S STRATEGIC PORTFOLIO OF PROPERTIES





3.2.3 VILLA WORLD STRATEGY

Villa World is committed to achieving its long-term goal of being recognised as a leading Australian property company. Villa World has refined its strategy around three key themes: **focus**, **grow** and **lead**. These themes provide clear direction for Villa World's approach to its development portfolio, sales, operational delivery and capital management.

Villa World will continue to **focus** on its teams, customers, shareholders and core capabilities in the residential land and housing market.

Villa World will continue to **grow** by taking advantage of new core business opportunities that complement the Villa World business model, support geographic diversity and leverage strengthened staff capacity.

Villa World's 30 year history supports it to **lead** through continued strong performance and lessons from past experience.

3.2.4 VILLA WORLD BUSINESS MODEL

To achieve its long term goal to be recognised as a leading Australian property company, Villa World has a number of initiatives designed to grow its core businesses, by delivering new projects in its existing markets, by entering into new geographic locations, and by extending and increasing partnering arrangements.

Villa World operates a turnkey house and land model where homes are completed, landscaped and ready to move into. Villa World's house and land model maintains a solid position across its core customers in the retail market (comprising owner occupiers, including first home buyers), as well as predominantly local investors.

Villa World's land only estates are also sold to contract builders.

Villa World's development business is undertaken (usually through wholly owned Subsidiaries) by acquiring sites on its own, or through other capital efficient structures. Those structures include acquiring sites in joint venture with selected partners, and entering into partnering arrangements (in the nature of development/project management agreements or put and call options) with third party land owners.

In the case of joint ventures and partnering arrangements, Villa World usually receives fees from providing project management services for the project.

3.2.5 GEOGRAPHIC DIVERSITY

Villa World's portfolio provides it with both geographic and product diversification, allowing Villa World to capitalise on different opportunities across its key market segments. Villa World's portfolio currently comprises 36 projects which are either wholly owned or held under one of the capital efficient structures referred to in section 3.2.4 above. These projects are at various stages of development including planning, construction and completed stock. Villa World's projects are generally short to medium term, with completion occurring within 3-5 years. As at 31 December 2016, Villa World had a portfolio of 6,386 lots and the portfolio was geographically diversified across NSW (1H17: 4%, FY16: 1%), QLD (1H17: 72%, FY16: 67%) and VIC (1H17: 24%, FY16: 32%), with projects located largely within each state's respective growth corridors.

3.2.6 PORTFOLIO ACQUISITIONS TO ENSURE GROWTH OVER THE MEDIUM TERM

Villa World continues to rely on its strategy of acquiring land in strategic corridors to support continued growth in its delivery of product to its core target markets, primarily being the east coast capital city green field growth corridors. Recently, Villa World has added a number of strategic acquisitions, including land in south east Queensland at Logan, Arundel, Strathpine and Greenbank.

In 2H17 to date, Villa World has contracted to purchase sites with total purchase prices of \$64.75 million expected to yield approximately 703 lots subject to final planning approvals. These purchases will be funded from existing facilities and cash flows. Concurrently with the issue of this Base Prospectus, Villa World will acquire and settle another approximate 149 lots for \$10.25 million in Doolandella (SE QLD).

Villa World held a portfolio of 6,386 lots at 31 December 2016, up from 5,937 at 30 June 2016, and has a strategy to grow the portfolio to a 5-6 year pipeline by taking advantage of investment opportunities in its target locations. This strategy involves an ongoing process to identify acquisition opportunities that are suitable for development having regard to appropriate investment criteria, including location, planning approval status, project feasibility, likely customer demand, and projected rates of return. At any particular time, Villa World has a pipeline of potential acquisitions under consideration, at various stages of the acquisition process. Those stages may include commercial negotiations with the counterparty, pre-contract due diligence, contract negotiation and signing, satisfaction of contract conditions (for example post-contract due diligence, approval by Villa World's board and obtaining satisfactory planning approvals) and contract completion. Villa World's disciplined and targeted approach to site acquisitions means that, of the pipeline of opportunities, only those that meet Villa World's requirements will be selected for execution.

3.3 DIRECTORS AND SENIOR MANAGEMENT

3.3.1 BOARD OF DIRECTORS

As at the date of this Base Prospectus, Villa World's Board of Directors comprises:



Mark Jewell
Chairman



Craig Treasure
Managing Director and
Chief Executive Officer



David Rennick
Non-Executive Director



Donna Hardman
Non-Executive Director

Information on Villa World's Directors is regularly updated on Villa World's website at www.villaworld.com.au/investor-centre and is updated in each annual report lodged by Villa World with the ASX.

3.3.2 SENIOR MANAGEMENT

As at the date of this Base Prospectus, Villa World's Management Team comprises:



Craig Treasure
Managing Director and
Chief Executive Officer



Paulene Henderson
Chief Financial Officer /
Company Secretary



Michael Vinodolac
General Manager –
Operations



Robyn Valmadre
National Sales Manager

Information on Villa World's Management Team is regularly updated on Villa World's website at www.villaworld.com.au/investor-centre and is updated in each annual report lodged by Villa World with ASX.

3.4 GOVERNANCE ARRANGEMENTS

Good corporate governance is a fundamental aspect of Villa World's culture and business practices, with the key facets of its Governance Structure outlined in each annual report. A copy of Villa World's current Corporate Governance Statement can be accessed at www.villaworld.com.au/investor-centre.

A copy of past annual reports (including for the year ended 30 June 2016) and interim results (including for the half year ended 31 December 2016) can be obtained from ASX's website (www.asx.com.au) or from Villa World's website at www.villaworld.com.au/investor-centre.

3.5 TRUST DEED RELATING TO VILLA WORLD BONDS

The Trust Deed dated 22 March 2017 is the agreement between Villa World, the Guarantors and the Trustee in relation to the Trustee's role. It has been incorporated by reference and as such forms part of the Offer of the Bonds. It is available at www.villaworld.com.au/investor-centre.

The Trust Deed constitutes the Bonds and the Guarantee of the Bonds. Villa World and the Guarantors have undertaken to the Trustee to pay amounts due and payable in respect of each Bond in accordance with the Trust Deed. Villa World and each Guarantor make a number of covenants with the Trustee for the benefit of Holders including to comply with their obligations under the Bonds and Chapter 2L of the Corporations Act.

3.6 ROLE OF THE TRUSTEE

3.6.1 TRUSTEE

The Corporations Act requires that when debt securities, such as the Bonds, are offered and a prospectus is required, an issuer must appoint a trustee to help protect the interests of investors and to facilitate the ongoing monitoring of Villa World. An issuer is obliged to report regularly to the trustee, including quarterly reports, information about security interests and half-yearly and annual financial reports.

Villa World has appointed Australian Executor Trustees Limited (ACN 007 869 794) as the Trustee for Holders of the Bonds. Under the Trust Deed, the Trustee holds on trust (for the benefit of Holders) the right to enforce Villa World's obligations in respect of the Bonds and the Guarantors' obligations in respect of the Guarantee. The Trustee has the power to call meetings of the Holders and provide information to and make recommendations to the Holders. The Trustee is not responsible for monitoring any breach of the Trust Deed, the occurrence of any Event of Default under the Terms, Villa World's compliance with the Trust Deed or Villa World's businesses except as required by law. In this regard, the Trustee has a statutory duty to exercise reasonable diligence to ascertain:

- (a) whether the property of Villa World and the Guarantors that is or should be available (whether by way of security or otherwise) will be sufficient to repay the amount deposited or lent when it becomes due; and
- (b) whether Villa World has committed any breach of the Terms, the provisions of the Trust Deed or Chapter 2L of the Corporations Act.

3.6.2 TRUSTEE'S LIABILITY

The Trustee, being Australian Executor Trustees Limited:

- (a) has not made any statement or purported to make any statement in the Offer Documents or any statement on which a statement in the Offer Documents is based, other than as specified below;
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of the Offer Documents, or any statements in, or omissions from the Offer Documents, other than the references to its name and the statement(s) and/or report(s) (if any) included in the Offer Documents with its written consent;
- (d) does not, nor does any related person, make any representation as to the truth and accuracy of the contents of the Offer Documents;
- (e) has relied on Villa World for the accuracy of the contents of the Offer Documents; and
- (f) does not, nor does any related person, make any representation or warranty as to the performance of the Bonds or the payment of interest or the redemption of the Bonds.

All payments on the Bonds (including interest payments) are obligations of Villa World and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity.

The obligation to redeem the Bonds in accordance with their terms is a direct obligation of Villa World. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity guarantees the redemption of or prepayment of any principal under the Bonds.

The Trustee is not responsible for monitoring Villa World's compliance with the Trust Deed nor Villa World's business.

3.6.3 TRUSTEE'S PRIVACY POLICY

The Trustee may collect your personal information for the primary purpose of providing trustee services to Villa World and for ancillary purposes detailed in its privacy policy. The Trustee may disclose your personal information, such as your name and contact details, along with your account information to its related bodies corporate, Villa World, professional advisers, the land titles office and/or as otherwise instructed by Villa World. The Trustee is also permitted to collect and disclose your personal information when required or authorised to do so by law. The Trustee is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with the Trustee's privacy policy. The privacy policy contains information about how you may access or correct your personal information held by the Trustee and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the privacy policy at www.aetlimited.com.au/privacy.

3.7 FINANCIAL INFORMATION

3.7.1 FINANCIAL STATEMENTS

Villa World's annual reports contain the consolidated statement of comprehensive income and consolidated balance sheet for the relevant financial year-end and comparable period. Villa World's annual reports and half-year reports are available from Villa World's website at www.villaworld.com.au/investor-centre and from the ASX's website at www.asx.com.au.

3.7.2 PRESCRIBED KEY FINANCIAL RATIOS

The Corporations Act requires Villa World to disclose certain Key Financial Ratios, calculated in accordance with regulation 6D.2.06 of the Corporations Regulations, that are relevant to Villa World. These are a gearing ratio, a working capital ratio and an interest cover ratio, in each case for the Group on a consolidated basis, and each as further detailed below.

The Key Financial Ratios are not used as the basis for the covenants which are included in the Base Terms (described in Clauses 4.1 and 4.2), so any change in the Key Financial Ratios does not affect the rights of Holders.

Prescribed Gearing Ratio

The gearing ratio prescribed under the Corporations Act (the "**Prescribed Gearing Ratio**") is calculated in accordance with regulation 6D.2.06(3) of the Corporations Regulations. It indicates the ratio of the liabilities of the Group on a consolidated basis to its equity determined in accordance with Current Accounting Practice. The higher the Prescribed Gearing Ratio, the higher the level of debt being carried by an issuer as a proportion of its capital base.

The table below shows how the Prescribed Gearing Ratio is calculated for the Group.

Prescribed Gearing Ratio	
Basis	Calculated in accordance with regulation 6D.2.06(3) of the Corporations Regulations
Formula	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Ratio as at 31 December 2016	75%
Calculation (numerator)	Total Liabilities
Calculation (denominator)	Total Equity

For the purpose of the calculations above, "Total Liabilities" and "Total Equity" are determined by reference to the Group's financial information as shown in the Group's consolidated financial statements for the half-year ended 31 December 2016.

Prescribed Working Capital Ratio

The working capital ratio prescribed under the Corporations Act (the "**Prescribed Working Capital Ratio**") is calculated in accordance with regulation 6D.2.06(4) of the Corporations Regulations. The Prescribed Working Capital Ratio indicates whether an issuer has sufficient short term assets to meet its short term liabilities. Generally, a higher Prescribed Working Capital Ratio indicates a greater ability to meet liabilities over the short term, including unexpected liabilities.

The table below shows how the Prescribed Working Capital Ratio is calculated for the Group.

Prescribed Working Capital Ratio	
Basis	Calculated in accordance with regulation 6D.2.06(4) of the Corporations Regulations
Formula	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Ratio as at 31 December 2016	3.1 times
Calculation (numerator)	Current Assets
Calculation (denominator)	Current Liabilities

For the purpose of the calculations above, "Current Assets" and "Current Liabilities" are determined by reference to the Group's financial information as shown in the Group's consolidated financial statements for the half-year ended 31 December 2016.

Prescribed Interest Cover Ratio

The interest cover ratio prescribed under the Corporations Act (the "**Prescribed Interest Cover Ratio**") is calculated in accordance with regulation 6D.2.06(5) of the Corporations Regulations. The Prescribed Interest Cover Ratio provides an indication of an issuer's ability to meet its interest payments from earnings. Generally, a low Prescribed Interest Cover Ratio may indicate an issuer could face difficulties in servicing its debt if earnings decrease or interest rates increase.

A decrease in the Prescribed Interest Cover Ratio may also indicate that the ability of an issuer of bonds such as the Bonds to make interest payments under the bonds has diminished (because of a decrease in its interest coverage position).

The table below shows how the Prescribed Interest Cover Ratio is calculated for the Group.

Prescribed Interest Cover Ratio	
Basis	Calculated in accordance with regulation 6D.2.06(5) of the Corporations Regulations
Formula	$\frac{\text{EBITDA}}{\text{Net Interest Expense}}$
Ratio as at 31 December 2016	8.4 times
Calculation (numerator)	EBITDA
Calculation (denominator)	Net Interest Expense

For the purpose of the calculations above:

- "EBITDA" means earnings before net interest expense, taxes, depreciation and amortisation; and
- "Net Interest Expense" means the interest expense net of interest revenue², taking account of any related hedging arrangements recognised in the profit and loss statements,

in each case, for the period to which the Group's most recent financial statements relate. Accordingly, these are determined by reference to the Group's financial information as shown in the Group's consolidated financial statements for the half-year ended 31 December 2016.

3.7.3 REPORTED RATIOS

In overseeing the capital management aspect of its business, Villa World focusses on other relevant financial ratios, which include the gearing ratio and the interest cover ratio that Villa World has historically disclosed to ASX in conjunction with its annual and half-yearly reporting (respectively, the "**Reported Gearing Ratio**" and the "**Reported Interest Cover Ratio**").

Each of the Reported Gearing Ratio and the Reported Interest Cover Ratio, as detailed in the table below, is calculated in a manner which differs from the Prescribed Gearing Ratio and the Prescribed Interest Cover Ratio, respectively.

The Reported Gearing Ratio is calculated as total interest bearing liabilities of the Group (compared to total liabilities of the Group for the purposes of the Prescribed Gearing Ratio) over total assets of the Group (compared to total equity of the Group for the purposes of the Prescribed Gearing Ratio), in each case adjusted to exclude cash and cash equivalents on hand (which are not excluded for the purposes of the Prescribed Gearing Ratio).

This Reported Gearing Ratio, as so adjusted, allows Villa World to monitor its capital management requirements in line with the Villa World business model and its stated strategies as described in Sections 3.2 of this Base Prospectus.

The Reported Interest Cover Ratio is calculated as EBITDA (earnings before interest expense, taxes, depreciation and amortisation) of the Group over interest expense (taking account of any related hedging arrangements) of the Group. The key difference between the calculation of the Reported Interest Cover Ratio and the Prescribed Interest Cover Ratio is that the Prescribed Interest Cover Ratio is calculated on the basis of interest expense net of interest revenue. As such, as at 31 December 2016 the Reported Interest Cover Ratio is 8.1 times, which is a slightly lower ratio than the Prescribed Interest Cover Ratio of 8.4 times.

² Interest revenue is contained within other income in the Group's consolidated financial statements. Interest revenue for the half year ended 31 December 2016 is \$158,000.

The calculation of the Reported Gearing Ratio and the Reported Interest Cover Ratio are shown in the table below.

These ratios are based on the Group's financial information which is derived from the Group's consolidated financial statements.

	Reported Gearing Ratio	Reported Interest Cover Ratio
Basis	Calculated in accordance with the Group's yearly and half-yearly consolidated financial statement disclosures	Calculated in accordance with the Group's yearly and half-yearly consolidated financial statement disclosures
Formula	$\frac{\text{Gearing Ratio Debt}}{\text{Gearing Ratio Assets}}$	$\frac{\text{EBITDA}}{\text{Interest Expense}}$
Ratio as at 31 December 2016	23%	8.1 times
Calculation (numerator)	Gearing Ratio Debt: Interest bearing liabilities less cash and cash equivalents	EBITDA: Earnings before interest expense, taxes, depreciation and amortisation
Calculation (denominator)	Gearing Ratio Assets: Assets less cash and cash equivalents	Interest Expense: Interest expense taking account of any related hedging arrangements

3.7.4 RATIOS UNDER THE TERMS

In addition, Villa World will be subject to certain ratios which are used in the Negative Pledge and the limitation on debt incurrence covenant contained in Clauses 4.1 and 4.2 of the Base Terms. Those ratios are the Gearing Ratio (which is calculated consistently with the Reported Gearing Ratio described above) and the Secured Gearing Ratio.

The calculation of the Gearing Ratio and the Secured Gearing Ratio are shown in the table below.

These ratios are based on the Group's financial information which is derived from the Group's consolidated financial statements, which include the Group's investments in joint ventures on an equity accounted basis (and not on a look-through basis) in accordance with Current Accounting Practice.

	Gearing Ratio	Secured Gearing Ratio
Basis	Calculated in accordance with the definition of "Gearing Ratio" in the Base Terms	Calculated in accordance with the definition of "Secured Gearing Ratio" in the Base Terms
Formula	$\frac{\text{Gearing Ratio Debt}}{\text{Gearing Ratio Assets}}$	$\frac{\text{Secured Gearing Ratio Debt}}{\text{Gearing Ratio Assets}}$
Ratio as at 31 December 2016	23%	23%
Calculation (numerator)	Gearing Ratio Debt: Group Interest Bearing Liabilities less Group Cash (see clause 12.4 of the Base Terms for definition)	Secured Gearing Ratio Debt: Group Secured Interest Bearing Liabilities less Group Cash (see clause 12.4 of the Base Terms for definition)
Calculation (denominator)	Gearing Ratio Assets: Group Assets less Group Cash (see clause 12.4 of Base Terms for definition)	Gearing Ratio Assets: Group Assets less Group Cash (see clause 12.4 of Base Terms for definition)

The definitions of the components in the calculation of these ratios can be found in Clause 12.4 of the Base Terms and in the Glossary of this Base Prospectus.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

B

Section Four

Risks



30 YEARS
EST. 1989



4.1 INTRODUCTION

Before investing in the Bonds, you should consider whether the Bonds are a suitable investment for you. The MoneySmart website (www.moneysmart.gov.au) is run by ASIC to help people make smart choices about their personal finances. In particular, it includes guidance for retail investors who are considering investing in bonds.

You should be aware that there are risks associated with Villa World's business and an investment in Villa World generally. Villa World's business and financial performance may affect its credit quality and its ability to fulfil its obligations under, or in respect of, the Terms, and hence the Bonds themselves. General economic factors may also affect an investment in Villa World or the performance of Villa World.

Many of these risks are outside the control of Villa World and the Directors, including some of the risk factors set out in this Section 4 and other matters mentioned in the Offer Documents. This Section 4 is not intended to list every risk that may be associated with an investment in Villa World and the Bonds. You should seek your own professional advice on such matters.

4.2 MAIN RISKS ASSOCIATED WITH THE BONDS

The main risks of investing in the Bonds are:

- Villa World may experience financial difficulty, such that it cannot make interest or principal payments when they are due;
- Villa World may go out of business entirely, in which case investors may not be repaid, including any outstanding interest or principal at that time; and
- investors may not be able to sell the Bonds on the ASX or the relevant securities exchange on which the Bonds are listed to exit their investment before their maturity date, or may only be able to do so at a loss.

4.2.1 MARKET PRICE OF THE BONDS

The market price of the Bonds may fluctuate due to various factors including general movements in interest rates, credit margins, the Australian and international investment markets, international economic conditions, changes in inflation rates and inflationary expectations, the market price of any other Villa World debt, factors that affect Villa World's financial position and performance or credit worthiness, global geo-political events and hostilities, investor perceptions and other factors beyond the control of Villa World and its Directors.

Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. It is possible that the Bonds may trade at a market price below their Face Value. If the Bonds trade at a market price below the amount at which you acquired them, there is a risk that if you sell them prior to the Maturity Date, you may lose some of the money you invested.

4.2.2 LIQUIDITY OF THE BONDS

Villa World has applied for the Bonds to be listed on ASX. However, the Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may be less liquid than the market for other securities. If Holders wish to sell their Bonds, they may be unable to do so easily or at an acceptable market price, or at all if insufficient liquidity exists in the market for the Bonds.

4.2.3 CHANGES IN THE INTEREST RATE PAYABLE

For any Series of Bonds issued with a floating interest rate, the Interest Rate for each Interest Period will be calculated on the first Business Day of that Interest Period by reference to a Market Rate, which will be influenced by a number of factors and varies over time. The Interest Rate will fluctuate (both increase and decrease) over time with movement in the Market Rate.

If a Series of Bonds is issued with a fixed interest rate, the Interest Rate for each Interest Period will be fixed and not vary over time. As the Market Rate fluctuates, there is a risk that the Interest Rate may become less attractive when compared to the rates of return available on other securities, which could decrease the trading price of fixed rate bonds.

4.2.4 VILLA WORLD MAY DEFAULT ON PAYMENT OF FACE VALUE OR INTEREST

Depending upon its performance and financial position, Villa World's cash flows and capital resources may not be sufficient to pay some or all of the Face Value or Interest due on Bonds as and when payable under their terms.

4.2.5 RESTRICTIONS ON HOLDERS RIGHTS AND RANKING IN A WINDING-UP

Each series of Bonds (and the Guarantee in respect of the Bonds) will be unsecured and unsubordinated. In the event of a winding-up of Villa World, assuming the Bonds have not been previously Redeemed, Holders will be entitled to be paid the Redemption Amount for each outstanding Bond.

The claim against Villa World for this amount ranks behind any secured creditors of Villa World and any other creditors preferred by law, such as employees. Villa World owes secured debt obligations, including to Australia and New Zealand Banking Group Limited ("**ANZ**"), which will rank ahead of Villa World's obligations to Holders in a winding up. The secured debt owed to ANZ matures before the maturity date of the Bonds and may or may not be refinanced by ANZ (or any other bank). ANZ's role as a lender to Villa World could give rise to potential conflicts of interest between ANZ and its affiliates and the Holders. Neither ANZ nor any other financier to Villa World has any obligation to take into account the interests of Holders when making decisions in their role as creditors (including when negotiating the terms of any such refinancing, or whether to refinance at all). If the secured debt is not refinanced, Villa World's financial condition may change adversely, which may impact Villa World's and the Guarantors' ability to meet their obligations under the Bonds. In its role as secured creditor, ANZ will have access to information about, and analysis on, Villa World and the Guarantors, but ANZ is under no obligation to (and will not) provide such information and analysis to Holders during the term of the Villa World Bonds.

Holder's claims rank ahead of obligations which by their terms or at law rank behind the Bonds (including subordinated instruments and shareholders' interests in Villa World), and equally with other Bonds and any other obligations of Villa World which by their terms or at law rank equally with the Bonds (such as unsecured general and trade creditors of Villa World).

Equally, any claim against a Guarantor under the Guarantee granted in respect of the Bonds ranks behind any secured creditors of the Guarantor (which includes ANZ), and any other creditors of the Guarantor preferred by law. ANZ's role as a creditor of the Guarantors could give rise to potential conflicts of interest between ANZ and its affiliates and the Holders.

Subject to the relevant gearing ratio limits specified in the relevant Offer Specific Prospectus, Villa World may incur additional obligations that may rank ahead of or equally with the Bonds. These additional obligations may be secured, subject to the provisions of the Negative Pledge in the Bonds. The Negative Pledge in the Bonds permits Villa World to secure other Bonds, syndicated loans and term loan arrangements without having to accord security to the Bonds or to issue bonds or raise debt which is equal ranking with the Bonds, subject to meeting the relevant gearing ratio limits specified in the relevant Offer Specific Prospectus.

If there is a shortfall of funds on a winding-up to pay all of Villa World's obligations, there is a risk that Holders will not receive the full payment (or any part thereof) to which they are otherwise entitled.

4.2.6 RELIANCE ON THE GUARANTEE

The Bonds are guaranteed pursuant to the Guarantee granted by certain Subsidiaries of Villa World. Villa World is a holding company, and its assets include its investments in other members of the Group including the Guarantors. If any or all of the Guarantors' financial condition deteriorates, it is possible that Villa World may not have access to the resources or liquidity to pay the amounts required under the Bonds and the Guarantors, individually or collectively, may not have the financial resources or liquidity to pay the amounts required under the Guarantee. Consequently, investors in the Bonds may suffer direct and materially adverse consequences.

The Guarantors will not include all of the Subsidiaries of Villa World. Only those members of the Group that provide a guarantee of the indebtedness of any other member of the Group under the terms of any of the Group's external bank debt facilities will be required to be a Guarantor. If a member of the Group is not required to be a Guarantor, the Holders will have no direct contractual claim against that entity. Without limitation of the above, the Guarantors will not include any joint venture entities in respect of which Villa World has an interest and so no such joint venture entity will be a Guarantor and the Holders will not have a direct contractual claim against such joint venture entities.

4.2.7 UNLESS SPECIFIED IN THE RELEVANT OFFER SPECIFIC PROSPECTUS, THERE IS A RISK OF EARLY REDEMPTION

The Bonds may be Redeemed early in certain circumstances, including following certain changes in taxation law (a "**Tax Event**"), a Change of Control Event, or where less than 10 per cent of the Series of Bonds remain on issue (this is a "**Clean Up Condition**"). In the event of an early Redemption of the Bonds, you may not receive the returns you expected to receive on the Bonds (if held until maturity) if you invest the proceeds in alternative investment opportunities at that time.

Refer to Section 2 ("About the Bonds") of this Base Prospectus and Clause 5 of the Base Terms for information relating to the events that may trigger an early redemption of the Bonds.

4.2.8 UNLESS SPECIFIED IN THE RELEVANT OFFER SPECIFIC PROSPECTUS, HOLDERS MAY ONLY COLLECTIVELY REQUEST EARLY REDEMPTION FOLLOWING A CHANGE OF CONTROL EVENT

Holders of the Bonds have the option to require Villa World to Redeem their Bonds prior to the Maturity Date upon the occurrence of a Change of Control Event, but only if they pass a Holder Resolution in favour of exercising that option. Individual Holders have no right to require Redemption of Bonds in any circumstances. In addition, if a Change of Control occurs and a Holder Resolution is passed in favour of exercising the redemption of the Bonds, the Bonds of each Holder will be redeemed whether or not an individual Holder voted in favour of the Holder Resolution.

To realise your investment prior to Redemption or the Maturity Date, you can sell your Bonds on the ASX, or the relevant securities exchange on which the Bonds are listed, at the prevailing market price. However, depending on market conditions at the time, the Bonds may be trading at a market price below the Face Value for that particular Series, and/or the market for the Bonds may not be liquid and you may not be able to sell your Bonds.

4.2.9 FUTURE ISSUES OF DEBT SECURITIES BY VILLA WORLD

Villa World has the right to create and issue any class of debt securities, including an additional Series of Bonds, without the approval of Holders. Any such future debt securities issuance by Villa World is subject to the relevant gearing ratio limits specified in the relevant Offer Specific Prospectus.

An investment in Bonds carries no right to participate in any future issue of debt securities by Villa World.

No prediction can be made as to the effect, if any, of any future issuance of debt securities by Villa World on the market price or liquidity of the Bonds.

4.2.10 INCURRENCE OF ADDITIONAL FINANCIAL INDEBTEDNESS AND GRANTING OF ADDITIONAL SECURITY INTERESTS

Subject to compliance with the debt incurrence covenant in clause 4.2 of the Terms, any member of the Group may incur additional Financial Indebtedness from time to time without the consent of the Holders. Additionally, if any member of the Group which is not Villa World or a Guarantor incurs Financial Indebtedness, the debt incurrence covenant will not be applied at that time.

Similarly, subject to compliance with the Negative Pledge in clause 4.1 of the Terms, any member of the Group may grant additional Security Interests from time to time without the consent of the Holders. Additionally, the Negative Pledge does not apply to restrict members of the Group which are not Villa World or a Guarantor from granting a Security Interest.

Neither the debt incurrence covenant nor the Negative Pledge apply to any joint venture entities included in the consolidated financial statements of the Group pursuant to Current Accounting Practice.

The incurrence of additional Financial Indebtedness or the granting of a Security Interest may impact on the ability of Villa World to meet payments under the Bonds or the extent of liabilities which rank in priority for payment to the Holders on a winding-up.

4.2.11 MODIFICATION, WAIVERS AND SUBSTITUTION

The Terms of the Bonds contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Terms of the Bonds also provide that the Trustee may, without the consent of Holders, agree to amend the Terms if Villa World is of the opinion that such amendment is of a formal or technical nature, is made to cure any ambiguity or error, is necessary to enable the Bond to be listed or to comply with law, or is otherwise not materially prejudicial to the interests of Holders as a whole.

4.2.12 TRUSTEE'S ACTIONS

The Trustee shall not be obliged to take any actions on behalf of the Holders if not indemnified to its satisfaction, including any actions following an Event of Default pursuant to clause 6.3 of the Terms.

Even if Villa World agrees to indemnify the Trustee, the time taken to agree the indemnity may impact on when such actions are taken. The Trustee may decline to take action requested by the Holders, notwithstanding the provision of an indemnity to it by Villa World, in circumstances where the Trustee is restricted from doing so by any order of any court or applicable law.

4.2.13 CORPORATE ACTIONS

The Terms do not provide Holders with any rights in the event that Villa World undertakes any transactions that may involve the restructure of the Group, such as asset disposals or acquisitions, or other corporate transactions. Any such transactions would only give rise to rights for Holders if they constituted a Change of Control Event. Any such transactions by Villa World may be subject to the relevant gearing ratio limits specified in the relevant Offer Specific Prospectus.

4.2.14 TAXATION CONSIDERATIONS

Holders should be aware that future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Bonds, or the holding and disposal of Bonds.

In addition, if any changes in taxation law or the interpretation or application of law by the courts or taxation authorities result in any payment to a Holder being subject to an amount of withholding or deduction in respect of any taxes or

governmental charges or in the payment of interest on the Bonds not being allowed as a deduction to Villa World, then Villa World is entitled to Redeem the Bonds.

4.3 KEY BUSINESS RISKS ASSOCIATED WITH VILLA WORLD

Key risks relating to Villa World are set out below. It is not, however, possible to describe all the risks to which Villa World and its business may become subject and which may impact adversely on Villa World's prospects and performance. Specific risk factors which may have a significant impact on the future performance of Villa World include the following:

4.3.1 RESIDENTIAL PROPERTY MARKET CONDITIONS

Villa World's revenues are closely tied to the future value and sale of residential lots (either land only, or house and land). Should the future market value and/or sales volumes be lower than expected, Villa World's earnings and returns to investors could be negatively impacted.

General and specific market conditions among other things, also have an impact on the rate of contract terminations. A significant number of contracts for the sale of residential lots are entered into on a 'conditional' basis (e.g. subject to finance or subject to the sale the buyer's existing property). Should market conditions deteriorate, the level of terminations may increase.

Property market conditions have a significant impact on the ability of investor buyers, both domestically and internationally, to complete sales contracts. Villa World's residential lots are sold predominantly to domestic buyers, with minimal exposure to foreign buyers.

4.3.2 PROPERTY VALUES

Unanticipated factors can influence the realisable value of the Group's property and property-related assets. These include:

- the profit and risk factors, including discount rates applied, that are considered appropriate by professional valuers, for any properties held by Villa World, in response to changes in market conditions;
- changes in the conditions of town planning consents applicable to Villa World's projects, as a consequence of changes to council policies;
- development cost increases including, but not limited to, construction, consultants, imposition of taxes and increases to State and Local Government charges will reduce the profitability of Villa World;
- the presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects;
- the activities of lobby groups;
- general cost increases;
- archaeological or ethnographic claims, including native title claims; and
- land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid, if any.

4.3.3 INTEREST RATES AND BANK LENDING CRITERIA

Increases in interest rates and/or the tightening of lending criteria for the provision of mortgage financing could have the effect of reducing the affordability and availability of funding for buyers, therefore reducing demand and the number of lot sales made by Villa World. Interest rates also impact Villa World's costs of funds.

4.3.4 REGULATORY REVIEW OF BANKS

The ongoing potential for formal regulatory reviews of banks (whether by Government or ASIC) coupled with increased APRA focus may result in banks tightening lending criteria and/or increasing the costs of funding.

4.3.5 APARTMENT MARKET

There is a risk that at any point in time there may be an over-supply of apartment product across Australian markets. Villa World's projects include a limited number of low-rise townhouse complexes, but it has no exposure to medium-rise product or high-rise towers. However, it's possible that an oversupply in the apartment market may affect overall sentiment towards the residential market as a whole.

4.3.6 SALES PRICES

Lower than expected sales prices across Villa World's portfolio of projects would generally result in lower profits by reducing the settlement revenue from the Development business and the fee income from the joint venture businesses.

4.3.7 INFLATION AND CONSTRUCTION COSTS

Higher than expected inflation rates generally, or specific to the broadacre, residential development industry, could be expected to increase operating costs and development costs and potentially reduce the value of the Group's land. Additionally, there may be upward pressure on the costs of materials and labour required for housing construction. These cost increases may be offset by increased selling prices, although there can be no certainty that increased selling prices will be achieved.

4.3.8 AVAILABILITY OF FUNDING AND REFINANCING RISK

Villa World's business is capital intensive. Villa World's ability to raise funds on favourable terms for future refinancing, development and acquisitions depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of Villa World's business. These factors could increase the cost of funding, or reduce the availability of funding, as well as increase Villa World's refinancing risk for maturing debt facilities.

Villa World has existing debt facilities with a staggered maturity. Villa World's ability to refinance its debt facilities as they fall due, and on terms and conditions that are suitable to it and allow it to seek to implement its strategies, will depend upon market conditions, Villa World's operating performance and the policies of its financiers. If the debt facilities are not refinanced and need to be repaid, it is possible that Villa World will need to realise assets for less than their fair value, which would impact future cash flows and profits. If debt facilities are refinanced on terms that are not conducive to Villa World implementing its strategies, Villa World may be required to amend, or hold off on the implementation of, its strategies in the short-term until suitable debt facility terms and conditions can be sourced.

4.3.9 REZONING AND PLANNING APPROVAL DELAYS

The sale of lots in Villa World's residential projects depends on obtaining planning and works approvals (and in some cases rezoning approvals). If these approvals take longer than expected, are not obtained, or are obtained subject to conditions which are more onerous than expected, Villa World's sales volumes and profitability could be negatively impacted. Where Villa World enters into acquisition or development arrangements with land owners who are responsible for carrying out civil works and delivering developed land, delays on the part of those land owners in delivering the land (whether due to delays in obtaining approvals or for other reasons) could adversely impact Villa World's returns from those projects.

4.3.10 CHANGES IN GOVERNMENT POLICY

Changes in government policy (including fiscal, monetary and regulatory policies at federal, state and local levels), including policies on government land development, public housing, immigration and first homebuyer assistance and delays in the granting of approvals or the registration of subdivision plans may affect the amount and timing of Villa World's future profits. State government and/or council development contributions may be introduced or increased in jurisdictions, impacting land values and the profitability of projects.

4.3.11 BREACH OF FINANCIAL COVENANTS

As at the date of this Base Prospectus, Villa World was in compliance with all covenants under its debt facilities. The financial covenants in Villa World's debt facilities relate to Villa World's earnings, cash flow and asset values, and a material movement in any of these may cause covenants under Villa World's debt facilities to be breached. If a breach occurs, this is likely to have negative consequences for Villa World, including the possibility of early repayment of drawn debt. Property assets are by their nature illiquid investments. This may make it difficult to sell assets quickly to repay debt.

4.3.12 CAPITAL EFFICIENT STRUCTURES

From time to time, Villa World enters into put and call options or other partnering arrangements with land owners (see Section 3.2.4 of this Base Prospectus ("Villa World Business Model")). Under those arrangements, Villa World is typically allowed a period of time to sell house and land packages to buyers without Villa World being required to purchase the lots from the land owner. If sales rates are lower than expected, Villa World may be required to purchase lots or make payments to land owners under those arrangements, which may negatively impact Villa World's returns from those projects.

Where Villa World undertakes a land only project (and does not carry out housing construction), a proportion of lots are sold to builders under put and call arrangements or otherwise on extended terms, under which the builders are allowed a period of time to sell those lots to third party buyers. If those lots are not sold to third party buyers within the required timeframes, Villa World may require the builders to purchase the lots and in that case there is a risk that the builders will not be able to complete those purchases.

4.3.13 COUNTER-PARTY RISK

Villa World deals with many counter-parties, including customers who purchase individual lots, builders who purchase multiple lots, parties who purchase en globo sites, suppliers, sub-contractors, and other service providers. If any of these parties fail to meet their contractual obligations, the result could have an adverse impact on Villa World.

4.3.14 MAJOR SUPPLIERS' RISK

Villa World may face the risk of a civil contractor or other major supplier or service provider encountering financial difficulty and being unable to complete or deliver contracted works or materials either in a timely fashion or at all. In that event, the timing of settlement of lots may be delayed resulting in a greater risk of lots under contract terminating, additional holding costs and/or a delay in the receipt of settlements proceeds or fees.

In addition to the above, if Villa World is required to appoint an alternative service provider or materials supplier to complete outstanding works or deliver outstanding materials, Villa World may have to incur additional expenses than would otherwise have been the case. Insurance may not be available to cover such additional expenses (for example, Villa World's insurance may not cover those events or insurance held by that civil contractor or other service provider or supplier may not cover those events or entitle Villa World to recover under such policy).

4.3.15 INCREASE IN UNEMPLOYMENT RATE

Sales of lots in Villa World's residential projects may be negatively impacted by a sustained increase in the unemployment rate in Australia, particularly in key markets where Villa World has residential projects. This impact could be through a reduction in the number of lots sold and/or in the value of lots sold and profit achieved.

4.3.16 INVENTORY WRITE DOWNS

Unanticipated factors affecting the value of land or development costs, including environmental issues, native title claims, land resumptions, failure to obtain necessary approvals, market conditions and major infrastructure charges might impact future earnings through a write down in property values.

4.3.17 DEPENDENCE ON KEY PERSONNEL

Villa World is reliant on a number of key personnel employed by Villa World, and will need to retain and attract suitably qualified and skilled personnel to support its strategic objectives. Loss of such personnel, or inability to attract suitably qualified personnel, may have a materially adverse impact on Villa World's business and financial performance. Villa World's efforts to retain and develop key personnel may also result in additional expenses which could adversely affect its profitability.

4.3.18 ACQUISITIONS AND JOINT VENTURES

The ability of Villa World to deliver product and achieve sales targets is affected by the availability of suitable development sites through acquisitions, joint ventures or other arrangements (including development agreements or put and call options) with land owners. Villa World's financial performance may be adversely affected as a result of reduced supplies of land and increased competition for development sites, leading to the inability to secure development sites within the times and at the prices expected.

Villa World may make strategic acquisitions and enter into joint ventures as part of its growth strategies. There can be no assurance that Villa World will be able to successfully identify or acquire such acquisitions or joint ventures. Villa World may also elect to fund acquisitions using existing or new bank facilities.

Whilst it is Villa World's policy to conduct a thorough due diligence process in relation to any such acquisition or joint venture, risks remain that are inherent such as the reliance on advice from consultants and assumptions made, which may prove to be incorrect.

Subject to relevant joint venture agreements, Villa World may be unable to control the actions of its joint venture partners and therefore cannot guarantee that the joint ventures will be operated or managed in accordance with Villa World's preferred direction or strategy. Joint venture partners may change their internal investment strategies requiring them to exit existing arrangements with Villa World or which prevents them from entering into future potential transactions with Villa World.

4.3.19 ENVIRONMENTAL AND CULTURAL HERITAGE MATTERS

The discovery of, or incorrect assessment of costs associated with, environmental matters, cultural heritage or contamination on any of Villa World's projects could have an adverse effect on the profitability and timing of receipt of revenue from that project.

There is a risk that a property development may be contaminated now or in the future. Government regulatory authorities may require such contamination to be remediated. There is a risk that Villa World may be required to undertake any such remediation at its own cost. Further, environmental laws impose penalties for environmental damage and contamination, which can be material in size. Such events could adversely affect Villa World's financial performance or financial condition.

4.3.20 LICENCING

Villa World, via one or more of its wholly-owned Subsidiaries, holds building licenses and real estate agency licenses where required in the jurisdictions in which it operates. Failure to comply with the requirements of those licenses, or failure to maintain those licenses, may have a significant impact on Villa World's earnings and cash flows.

4.3.21 CAPITAL EXPENDITURE

The risk of unforeseen capital or other expenditure requirements for Villa World may impact its financial performance.

4.3.22 INSURANCE

Villa World carries a range of insurance products for (amongst other things) workers compensation, public liability, professional indemnity, industrial special risks and directors & officers. However, Villa World's insurance will not cover every potential risk associated with its operations.

The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on Villa World's financial condition and financial performance. Dependent on the type of coverage, Villa World may have to incur an excess prior to any payment by the insurer or pay for any difference between the full replacement cost and insured amount. Villa World may also incur increases to its insurance premium applicable to other areas of cover as a result of the event.

Villa World may not be able to recover under its insurance if the company or companies providing the insurance (or any reinsurance) are under financial distress or fail.

4.3.23 OCCUPATIONAL HEALTH AND SAFETY

Villa World may face the risk of workplace injuries, which may result in production or industrial stoppages, workers' compensation claims, related common law claims and potential work health and safety prosecutions.

4.3.24 COMPETITION RISK

Villa World may face the risk of loss of market share in the various residential corridors in which it operates as a result of the launch of competitors' residential estates. Such competition may result in the reduction of sales of residential lots or reduction in sales prices of residential lots or both. This may negatively impact on profits and cash flows and the ability of Villa World to meet its interest paying and debt repayment obligations. There is a risk that innovations in technology may cause disruption to the residential property sector which may adversely affect Villa World's ability to compete with its peers.

4.4 GENERAL RISKS

4.4.1 GENERAL ECONOMIC AND FINANCIAL MARKET CONDITIONS

General economic conditions (both domestic and international), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities, changes in domestic or international fiscal, monetary, regulatory and other government policies, changes in investor sentiment and perceptions, geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities may have a significant impact on the performance of the Group and adversely impact Villa World's ability to pay interest and repay the Face Value and may affect the price of the Bonds. As a result of the above mentioned factors, Villa World is unable to forecast the market price for the Bonds and they may trade on the ASX at a price that is below Face Value.

4.4.2 MARKET RISKS

Market risk is the risk of an adverse event in the financial markets that may result in a loss of earnings for Villa World. Market risk includes exposures to funding risk (that is, being unable to meet financial obligations as they fall due or over-reliance on a funding source whereby market or environmental changes limit access to that funding source and thereby increase overall funding costs or cause difficulty in raising funds).

4.4.3 REPUTATIONAL RISK

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to Villa World's business dealings and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security policies, sales and trading practices and conduct by companies in which Villa World holds strategic interests. Failure to address these issues appropriately could give rise to additional legal risk, subject entities within the Group to regulatory actions, fines and penalties, or harm the reputation of Villa World or the Group among its shareholders, customers and investors including its co-investors and joint venture partners in the marketplace. The material failure of a Villa World joint venture may also have a material negative impact on the reputation of Villa World making it more difficult to enter into new joint ventures.

4.4.4 LITIGATION, CLAIMS AND DISPUTES

From time to time, the Group may be exposed to the risk of litigation or disputes with various parties arising from the conduct of its business, including contractual counterparties, shareholders, past and present employees, regulators, joint venture partners, competitors, suppliers and customers. Customers may also make warranty claims against the Group in respect of its construction activities. As well as the risk of financial damage, any such litigation, disputes or claims also carry a risk of damage to the reputation of Villa World and the Group. Although the Group holds liability insurance, this insurance may not cover all potential claims or may not be adequate to indemnify Villa World for all liability that may be incurred or loss which may be suffered.

Losses, liability or legal expenses as a result of litigation proceedings could have a material adverse effect on the Group's business and the financial performance of Villa World. Whilst entities within the Group may from time to time make certain provisions against the possibility of adverse outcomes, there is no guarantee that the provisioned amounts (if any) will adequately cover any such loss suffered or liability incurred. It is possible a material and costly claim, whether successful or not, could distract management from its core business and impact the value of the assets, income and dividends of Villa World.

4.4.5 TAXATION

Villa World is subject to taxation legislation in the various jurisdictions in which it has operations and conducts business. Any significant change in taxation law or its interpretation and application by an administrative body could have an adverse effect on the results of its operations.

4.4.6 CHANGES IN AUSTRALIAN ACCOUNTING STANDARDS

Villa World is subject to the usual business risks that there may be changes in Australian accounting standards which have an adverse financial impact on Villa World or members of the Group. Holders should be aware that the Key Financial Ratios and the ratios used by Villa World (disclosed in Section 3.7.3 and Section 3.7.4 of this Base Prospectus) are calculated by reference to figures from the accounts of Villa World prepared on the basis of the Australian accounting standards in place as at the date of issuance of the Bonds. Villa World has the right under the Terms to notify Holders and the Trustee that components of the ratios will instead be determined in accordance with Australian accounting standards in force at the time of making the determination.

A new accounting standard, *AASB 15 Revenue from Contracts with Customers*, will apply to Villa World from its financial year commencing on 1 July 2018. Villa World continues to evaluate the potential impact of this new standard on its consolidated financial statements. The evaluation process includes reviewing the terms of contracts and evaluating customary business practices and considering these against the measurement, recognition and disclosure requirements of *AASB 15*. A key judgement area will be determining when customers obtain control of land developed and residential building assets insofar as this impacts the timing of revenue recognition.

4.4.7 GENERAL OPERATIONAL RISKS

Villa World is subject to various operational type risks which may have an impact on its business. These may include risks related to technology, processes and procedures, cyber-attack and data breaches, systems and employee-related risks.

4.5 OTHER RISKS

The above risks are not exhaustive of the risks faced by potential investors in the Bonds. The risks outlined above and other risks may materially affect the future value and performance of the Bonds. Accordingly, no assurances or guarantees of future performance, profitability, Interest or return of the Face Value are given by Villa World in respect of the Bonds. You should consult your financial or professional adviser in light of your own particular investment objectives, financial circumstances and particular needs before deciding whether to apply for the Bonds.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



5.1 SUMMARY OF INFORMATION ON TAX CONSEQUENCES OF INVESTING IN THE BONDS

The following is a summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, the “**Australian Tax Act**”) and the Tax Administration Act 1953 of Australia (“**TAA**”), of payments of interest (as defined under the Australian Tax Act) by Villa World on the Bonds and certain other Australian tax matters.

This summary applies to Holders that are residents of Australia and certain entities that are not residents of Australia. This summary is not exhaustive and you should seek advice from your tax adviser or other professional adviser before deciding to invest in Bonds. In particular, the advice does not deal with Holders who acquire or hold their Bonds outside their country of tax residence (for example through a permanent establishment) or Holders who hold the Bonds on behalf of other persons. In addition, this summary does not deal with the position of certain classes of Holders including, without limitation, dealers in securities, custodians or Holders who otherwise hold Bonds as assets used in carrying on a business of securities trading, banking or investment.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Holder.

This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Base Prospectus. Prospective Holders of the Bonds should also be aware that particular terms of issue of any Series of Bonds may affect the tax treatment of that Series of Bonds. Information regarding taxes in respect of the Bonds may also be set out in an Offer Specific Prospectus. More information on the tax implications associated with investing in bonds can be found on the Australian Taxation Office’s website www.ato.gov.au.

5.1.1 INTEREST

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies), including for the purposes of interest withholding tax (“**IWT**”) imposed under Division 11A of Part III of the Australian Tax Act. For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts. Villa World intends that the Bonds will be characterised as “debt interests” for the purposes of the tests contained in Division 974 and that the returns paid on the Bonds be “interest” for the purpose of section 128F of the Australian Tax Act.

a. Resident Holders

Australian residents are generally required to include any Interest in their assessable income each year. Whether these amounts should be recognised as assessable income on a cash receipts or accruals basis (including whether they are subject to Division 230 – see the summary below) will depend on the individual circumstances of the Holder. Australian residents holding their Bonds and receiving payments of Interest in Australia should not be subject to IWT.

b. Non-resident Holders

Non-resident Holders will generally be subject to IWT at the rate of 10 per cent on any Interest they receive. IWT is a final tax and non-resident Holders should not be subject to any other Australian tax such as income tax.

Villa World intends to issue the Bonds in a manner which will satisfy the requirements of section 128F of the Australian Tax Act. On the basis that Villa World will satisfy the requirements of section 128F, payments of Interest to non-resident Holders (that are not “Offshore Associates” of Villa World) should not be subject to IWT and should not be subject to any other tax such as income tax in Australia.

5.1.2 DISPOSAL OF THE BONDS

a. Australian resident Holders

The Bonds should be “traditional securities” for the purposes of the Australian Tax Act. In relation to a traditional security, Australian resident Holders that are not subject to Division 230 are generally required to include any gain in their assessable income in the income tax year in which a disposal or redemption occurs. Such a gain will be equal to the difference between the consideration for the acquisition and disposal/redemption of the traditional security plus any relevant costs associated with the acquisition or disposal/redemption. Losses may be included as an allowable deduction in respect of taxable income in the income tax year in which the disposal/redemption occurs.

If a capital gains tax event should also occur on the disposal/redemption of a traditional security, any capital gain or capital loss thereon will be disregarded to the extent to which that gain or loss is included either as assessable income or an allowable deduction.

b. Non-Australian resident Holders

Non-resident Holders may be subject to Australian income tax on any gain realised on the disposal of their Bonds (depending upon whether or not that gain has an Australian source). However, a non-resident Holder may be eligible for relief from Australian income tax if that Holder is entitled to the benefit of a double tax agreement between Australia and the non-resident Holder's country of residence (for tax purposes).

5.1.3 APPLICATION OF DIVISION 230

Division 230 of the Australian Tax Act contains tax-timing rules for certain taxpayers for bringing to account gains and losses from certain "financial arrangements". However, Division 230 does not apply in relation to traditional securities to certain taxpayers, including individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which satisfy various turnover or asset threshold tests, unless they make an election that Division 230 applies to all of their "financial arrangements".

With respect to non-residents, if payments of Interest are exempt from IWT under section 128F of the Australian Tax Act, Division 230 will not operate to override this exemption.

5.1.4 PAYMENT OF ADDITIONAL AMOUNTS

As set out in more detail in the Base Terms for the Bonds, and unless expressly provided to the contrary in the relevant Offer Specific Terms, if Villa World is at any time required by law to withhold or deduct an amount in respect of Taxes imposed in Australia in respect of the Bonds, Villa World must, subject to certain exceptions, pay Additional Amounts so that after making the deduction and further deductions applicable, the Holder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made. If Villa World is compelled by law in relation to any Bonds to withhold or deduct an amount in respect of which Additional Amounts must be paid, Villa World will have the option to redeem the Bonds in accordance with the Base Terms. In the event that Additional Amounts are paid, Holders will need to seek advice as to how the Additional Amounts, and any associated withholding tax, are to be treated.

5.1.5 DEATH DUTIES

No Bonds will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

5.1.6 ADDITIONAL WITHHOLDINGS FROM CERTAIN PAYMENTS TO NON-RESIDENTS

The Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of the Bonds will need to be monitored.

5.1.7 SUPPLY WITHHOLDING TAX

Payments in respect of the Bonds can be made free and clear of any "supply withholding tax".

5.1.8 PROVISION OF TFN AND/OR ABN

The TAA can impose withholding tax (currently at the rate of 49 per cent) on the payment of interest on certain types of registered securities, such as the Bonds.

However, where a Holder has provided Villa World with its TFN or, in certain circumstances, its ABN, or has notified Villa World that it is exempt from providing this information, Villa World is not required to withhold any amount on account of tax under the TAA from payments of interest to the Holder.

A Holder may choose not to provide his or her TFN or ABN to Villa World.

If payments of interest are exempt from IWT under section 128F of the Australian Tax Act or otherwise subject to IWT, then non-resident Holders should not be subject to any withholding tax under these rules.

5.1.9 GARNISHEE DIRECTIONS

The Australian Commissioner of Taxation may give a direction requiring Villa World to deduct from any payment to a Holder of the Bonds any amount in respect of Australian tax payable by a Holder. If Villa World is served with such a direction, then Villa World will comply with that direction and make any deduction required by that direction.

5.1.10 GST

GST is not payable on the issue, receipt, disposal or redemption of the Bonds.

GST is not payable in relation to the payment of Face Value or Interest by Villa World.

5.1.11 STAMP DUTY

No stamp duty should be payable on the issue, receipt, disposal or redemption of the Bonds.

5.1.12 FATCA

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”) establish a new due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with “foreign financial institutions” (“**FFIs**”) to conceal income and assets from the U.S. Internal Revenue Service (“**IRS**”).

Under FATCA, a 30 per cent withholding may be imposed (i) in respect of certain U.S. source payments, (ii) from 1 January 2019 in respect of gross proceeds from the sale of assets that give rise to U.S. source interest or dividends and (iii) from 1 January 2019, at the earliest, in respect of “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements (“**FATCA withholding**”).

Financial institutions through which payments on the Bonds are made may be required to withhold on account of FATCA. A withholding may be required if (i) an investor does not provide information sufficient for a relevant financial institution to determine whether the investor is subject to FATCA withholding or (ii) an FFI to or through which payments on the Bonds are made is a “non-participating FFI”.

FATCA withholding is not expected to apply if the Bonds are treated as debt for U.S. federal income tax purposes and the grandfathering provisions from withholding under FATCA are applicable. The grandfathering provisions require, amongst other things, that the Bonds are issued on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

Further, Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the TAA to give effect to the Australian IGA (“**Australian Amendments**”). Under the Australian Amendments, Australian FFIs will generally be able to be treated as “deemed compliant” with FATCA. Depending on the nature of the relevant FFI, FATCA withholding may not be required from payments made with respect to the Bonds other than in certain prescribed circumstances. Under the Australian Amendments, an FFI may be required to provide the Australian Taxation Office with information on financial accounts (for example, the Bonds) held by U.S. persons and recalcitrant account holders and on payments made to non-participating FFIs. The Australian Taxation Office is required to provide that information to the IRS.

Holders may be requested to provide certifications or information to financial institutions through which payments on the Bonds are made in order for those financial institutions to comply with their FATCA obligations. In the event that any amount is required to be withheld or deducted, by any party in the payment chain, from a payment on the Bonds as a result of FATCA, pursuant to the terms and conditions of the Bonds, no additional amounts will be paid by Villa World as a result of the deduction or withholding.

FATCA is particularly complex legislation. The above description is based in part on U.S. Treasury regulations published on 28 January 2013 and 6 March 2014 and IRS Notice 2015-66, official guidance and the Australian Amendments, all of which are subject to change.

Investors should consult their own tax advisers to determine how these rules may apply to them under the Bonds.

5.2 PRIVACY

5.2.1 GENERAL

If you lodge an Application, Villa World will collect information about you. Villa World will use this information to process your Application, administer your Bonds and keep in touch with you in relation to your Bonds. Your information may also be shared within the Group so that you can be told about products, facilities or services offered or distributed by the Group or other matters concerning the Group that Villa World thinks may be of interest to you.

Villa World may disclose this information for these purposes to its Subsidiaries and joint venture entities on a confidential basis, as well as to agents, contractors and third party service providers that provide services on its or their behalf (e.g. the Registry and a printing firm or mail house engaged to print and mail statements to you). Some of these parties may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

If you used a financial adviser who recommended your investment in the Bonds (as indicated on your Application Form), Villa World may disclose details of your holding to that adviser.

Villa World will also disclose this information if required or permitted to do so by law or if you consent to or request the disclosure.

If you think Villa World’s records of your personal information are incorrect or out of date, you can contact Villa World and request that your personal information be corrected. Subject to certain exceptions, you may access your personal information at any time by contacting the Registry in writing. Villa World is permitted to charge a fee for such access.

You may choose not to provide your personal information or to limit the information you provide, in which case Villa World may not be able to process your Application, administer your Bonds, or make payments to you.

5.3 SELLING RESTRICTIONS

The distribution of the Offer Documents (including electronic copies) in jurisdictions outside Australia may be restricted by law. If you come into possession of the Offer Documents in a jurisdiction outside Australia, you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities law. Villa World disclaims all liabilities to such persons. The Offer Documents and the Bonds have not been and will not be, registered in any jurisdiction other than Australia. In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933 ("**US Securities Act**"), as amended or the securities laws of any state of the United States and may not be offered or re-sold in the United States or to or for the account or benefit of US Persons except in transactions exempt from the registration requirements of the US Securities Act. The Offers and the possession or distribution of the Offer Documents may be further subject to the specific restrictions set out in the relevant Offer Specific Prospectus.

5.4 DEALINGS IN VILLA WORLD BONDS

Villa World or any member of the Group located in Australia may at any time purchase or resell the Bonds. Villa World may cancel repurchased Bonds at its sole discretion, subject to compliance with applicable law and the ASX Listing Rules.

5.5 MATERIALS INCORPORATED BY REFERENCE

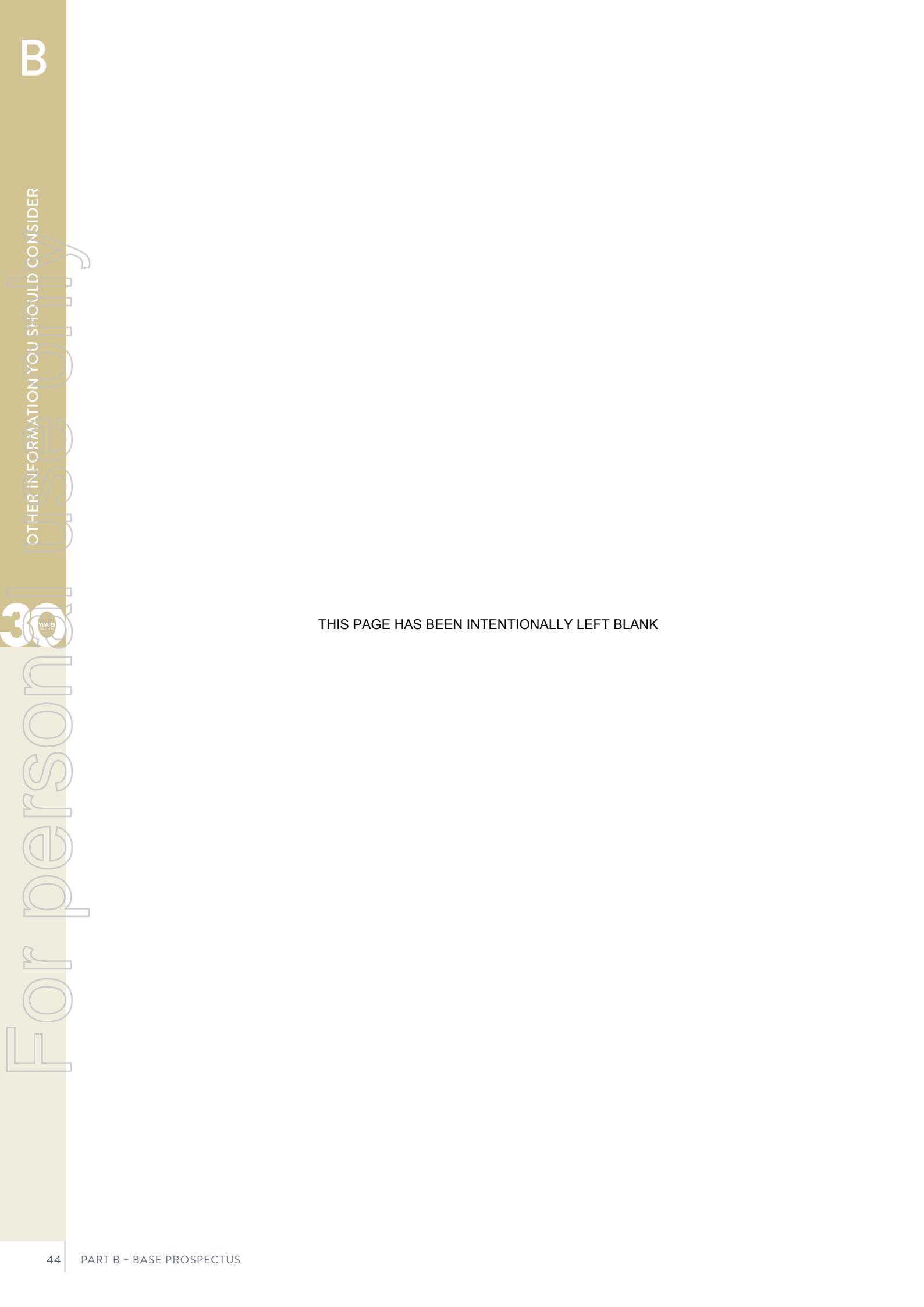
The following is a list of material referred to, but not set out in full, in this Base Prospectus. However, the material (or relevant extracts of the material) is incorporated by reference and, as such, forms part of the offer of Bonds covered by this Base Prospectus.

The following materials are available from Villa World's website www.villaworld.com.au/investor-centre and a copy of each document can be obtained free of charge by calling the Villa World Bonds Information Line on 1300 651 684 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday 9.00 am to 5.00 pm (Sydney time) during each Offer Period:

- Information on Villa World's Directors, which is set out in the "Director's Report" section of Villa World's annual report for the year ended 30 June 2016 which was filed with ASX on 17 August 2016;
- Information on Villa World's Senior Management, which is set out in Section B of the "Remuneration Report 2016 (Audited)" contained in the "Director's Report" section of Villa World's annual report for the year ended 30 June 2016 which was filed with ASX on 17 August 2016;
- Information on Villa World's Corporate Governance Arrangements, which is set out in the Appendix 4G ("Key to Disclosures – Corporate Governance Council Principles and Recommendations") which was filed with ASX on 17 August 2016;
- Trust Deed, which was filed with ASIC on 22 March 2017. The Bonds will be constituted under the Trust Deed, which also contains the agreement between Villa World and the Trustee in relation to the Trustee's role, and the circumstances in which the Trustee can or must act in the interests of Holders; and
- The Base Terms (which are included as a schedule to the Trust Deed) were filed with ASIC on 22 March 2017. The Base Terms are the terms and conditions of the Bonds as referred to in this Base Prospectus. The Base Terms will be supplemented, amended, modified or replaced by the Offer Specific Terms published in the relevant Offer Specific Prospectus.

5.6 GOVERNING LAW

This Base Prospectus, any Offer Specific Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in Queensland, Australia and each Applicant submits to the exclusive jurisdiction of the courts of Queensland, Australia.



THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



Term	Meaning
\$ or dollars	Australian dollar currency
AASB	The Australian Accounting Standards Board
ABN	Australian Business Number
Actual/365 (Fixed)	The meaning given in the definition of "Day Count Fraction" in Clause 12.4 of the Base Terms
Additional Amount	An additional amount payable by Villa World under Clause 9.2 ("Withholding tax gross up") of the Base Terms
Allocation	The number of Bonds allocated under the offer for each Tranche of Bonds to Applicants under each Offer tranche (as specified in the relevant Offer Specific Prospectus). " Allocate " has a corresponding meaning
Applicant	A person who lodges an Application Form in accordance with the relevant Offer Specific Prospectus
Application	A valid application for a particular Tranche of Bonds, as specified in the relevant Offer Specific Prospectus, made through a completed Application Form in accordance with the relevant Offer Specific Prospectus
Application Form	A paper or electronic form (as the context requires) attached to, or accompanying, an Offer Specific Prospectus upon which an Application for Bonds may be made
Application Monies	The amount payable on each Application, being the Face Value multiplied by the number of Bonds applied for
Arranger	Refer to the front cover of the relevant Offer Specific Prospectus
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant (as the context requires)
Australian Tax Act	Both the Income Tax Assessment Acts of 1936 and 1997 of Australia
Base Prospectus	This base prospectus which was lodged with ASIC on 22 March 2017
Base Rate	(Expressed as a percentage per annum) for an Interest Period, the rate which is designated as the mid-rate having a tenor closest to the Interest Period on the Thomson Reuters BBSW screen page (or any successor or replacement page) at approximately 10.15am on the first day of the Interest Period. However, if such rate does not appear, or if it does appear but Villa World determines that there is an obvious error in that rate, "Base Rate" means the rate for that day that will be the rate determined by Villa World having regard to comparable indices then available
Base Terms	The base terms of the Bonds as incorporated by reference in this Base Prospectus and available on the Villa World website www.villaworld.com.au/investor-centre
Board	The board of directors of Villa World acting as a board
Bookbuild	The process through which Syndicate Brokers and Institutional Investors bid for a firm Allocation of a particular Series of Bonds

Term	Meaning
Bonds	“Simple corporate bonds” to be offered by Villa World under this Base Prospectus and the relevant Offer Specific Prospectus pursuant to sections 713A-713E of the Corporations Act, defined as “Villa World Bonds” in the Base Terms
Broker Firm Allocation	The Allocation allocated to a Syndicate Broker through the Bookbuild process
Broker Firm Offer	The offer as in the relevant Offer Specific Prospectus
Business Day	A day which is a Business Day within the meaning of the ASX Listing Rules and, for the purposes of calculation or payment of interest or any other amount, a day on which banks are open for business in Sydney
Business Day Convention	The meaning given in Clause 12.4 of the Base Terms
Cash	Means cash as calculated under Australian accounting standards issued by the AASB
Change of Control Event	The meaning given in Clause 12.4 of the Base Terms
CHES	Clearing House Electronic Subregister System
Clean Up Condition	Has the meaning given in Clause 12.4 of the Base Terms
Closing Date	Refer to the “Key dates” Section of the relevant Offer Specific Prospectus
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
Covered Period	From 22 March 2017 to 22 March 2020
Current Accounting Practice	Accounting principles and practices applying by law or otherwise generally accepted in Australia at that time, consistently applied
Day Count Fraction	Refer to the relevant Offer Specific Prospectus
Director	Director of Villa World
EBITDA	Earnings before Net Interest Expense, taxes, depreciation and amortisation, for the relevant reporting period
Event of Default	The happening of any of the events set out in Clause 6.1 of the Base Terms
Face Value	Refer to the relevant Offer Specific Prospectus
FATCA	Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010
FFIs	Foreign financial institutions
Financial Indebtedness	Any indebtedness, present or future, actual or contingent in relation to money borrowed or raised or any other financing
Following Business Day Convention	The date is postponed to the first following day that is a Business Day
Gearing Ratio	Gearing Ratio Debt divided by Gearing Ratio Assets, expressed as a percentage
Gearing Ratio Assets	Group Assets less Group Cash
Gearing Ratio Debt	Group Interest Bearing Liabilities less Group Cash
Group	Villa World and its Subsidiaries from time to time
Group Assets	Total assets of the Group as set out in the Group Financial Statements

Term	Meaning
Group Cash	Cash and cash equivalents held by the Group, less any cash and cash equivalents held in trust for third parties as set out in the Group Financial Statements. "Cash" and "cash equivalents" have the meanings understood in Current Accounting Practice
Group Financial Statements	At any time, the most recently published annual or half year financial statements of the Group prepared in accordance with applicable law and Current Accounting Practice
Group Interest Bearing Liabilities	Total secured and unsecured borrowings of the Group as set out in the Group Financial Statements
Group Secured Interest Bearing Liabilities	Total secured borrowings of the Group as set out in the Group Financial Statements
GST	The goods and services tax as defined in the A New Tax System (Goods and Services Tax) Act 1999
Guarantee	The guarantee of the Bonds set out in Schedule 4 to the Trust Deed
Guarantor	Each entity party to the Trust Deed as an "Initial Guarantor", each of whom is a wholly-owned Subsidiary of Villa World, and each other entity that has provided a Guarantee
HIN	Holder Identification Number
Holder	A registered holder of Bonds
Holder Resolution	Either: <ol style="list-style-type: none"> a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions: <ol style="list-style-type: none"> by more than 50 per cent. of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or if a poll is duly demanded, then by a majority consisting of more than 50 per cent. of the votes cast; or a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) more than 50 per cent. of the Face Value of all of the outstanding Bonds in the Series
Holding Statement	A statement issued to Holders by the Registry which sets out the number of Bonds issued to that Holder
Insolvency Event	Will occur in relation to a body corporate if: <ol style="list-style-type: none"> it is (or states that it is) insolvent (as defined in the Corporations Act); or it is in liquidation, in provisional liquidation, under administration (other than in circumstances where the appointment of the administrator or liquidator is stayed, withdrawn, dismissed or terminated within 30 Business Days) or wound up (each as defined in the Corporations Act)
Institutional Investor	An investor to whom the Bonds are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which Villa World is willing to comply with) and who has been invited by the Lead Manager(s) to bid for the Bonds
Institutional Offer	The offer as described in the relevant Offer Specific Prospectus
Interest	Interest payable on each Bond in accordance with Clause 2 of the Base Terms
Interest Payment Dates	Refer to the relevant Offer Specific Prospectus

Term	Meaning
Interest Period	Each period commencing on (and including) the previous Interest Payment Date to (but excluding) the next Interest Payment Date. However: <ol style="list-style-type: none"> the first Interest Period commences on (and includes) the Issue Date or any other date specified in the Offer Specific Terms; and the final Interest Period ends on (but excludes) the Maturity Date or a Redemption Date
Interest Rate	Refer to the relevant Offer Specific Prospectus
IRS	U.S. Internal Revenue Service
Issue	The process of issuing Bonds of a particular Series to Holders. "Issue" and "Issued" have corresponding meanings
Issuer	Villa World Limited (ABN 38 117 546 326)
Issue Date	In respect of a Bond, the date specified in the Offer Specific Terms as the date on which the Bond is, or is to be, Issued
Issue Price	The price at which a Tranche of Bonds is issued
IWT	Interest withholding tax
Key Financial Ratios	The Prescribed Gearing Ratio, the Prescribed Working Capital Ratio and the Prescribed Interest Cover Ratio. Refer to Section 3.7.2 of this Base Prospectus
Lead Manager(s) or Joint Lead Managers	Refer to the front cover of the relevant Offer Specific Prospectus
Margin	Refer to the relevant Offer Specific Prospectus
Market Rate	The meaning given in Clause 2.4(a) of the Base Terms
Maturity Date	Refer to the relevant Offer Specific Prospectus
Meeting Provisions	The provisions for meetings of the Holders set out in schedule 7 of the Trust Deed
Modified Following Business Day Convention	The date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day
Net Interest Expense	Interest expense net of interest revenue, taking account of any related hedging arrangements recognised in the Group Financial Statements, for the period to which Villa World's most recent financial statements relate
Offer	The offer made by Villa World under this Base Prospectus and the relevant Offer Specific Prospectus of a particular Tranche of Bonds to raise the amount stated in the relevant Offer Specific Prospectus
Offer Documents	This Base Prospectus and the relevant Offer Specific Prospectus
Offer Period	The period from the Opening Date to the Closing Date
Offer Specific Prospectus	The Offer Specific Prospectus relating to an Offer of a Tranche of Bonds
Offer Specific Terms	The offer specific terms of a tranche of Bonds contained in the relevant Offer Specific Prospectus

Term	Meaning
Offshore Associate	An associate (as defined in section 128F of the Australian Tax Act) of Villa World that is either: <ol style="list-style-type: none"> a non-resident of Australia which does not acquire the Bonds in carrying on a business at or through a permanent establishment in Australia; or a resident of Australia that acquires the Bonds in carrying on a business at or through a permanent establishment outside Australia
Opening Date	Refer to the "Key dates" Section of the relevant Offer Specific Prospectus
Ordinary Shares	Ordinary shares on issue in Villa World
Participating Brokers	Any participating organisation of ASX invited by a Lead Manager to participate in the Bookbuild
Permitted Security Interest	A Security Interest granted in connection with any Relevant Indebtedness, provided that after giving pro-forma effect to the incurrence of such Relevant Indebtedness based on the Group Financial Statements and the application of the proceeds thereof, the Secured Gearing Ratio would not be greater than the percentage specified in the Offer Specific Terms
Prescribed Gearing Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.7.2 of this Base Prospectus
Prescribed Interest Cover Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.7.2 of this Base Prospectus
Prescribed Working Capital Ratio	The meaning given in regulation 6D.2.06 of the Corporations Regulations and as described in Section 3.7.2 of this Base Prospectus
Programme	A programme for the issuance of Bonds
Redemption	In relation to a Bond, to redeem that Bond in accordance with Clause 5 of the Base Terms. " Redeem " and " Redeemed " have corresponding meanings
Redemption Amount	In respect of a Bond, the Face Value of the Bond together with any interest accrued but unpaid on the Bond to (but excluding) the relevant Redemption Date (except to the extent such interest is paid as Interest on that date)
Redemption Date	In respect of a Bond, the date, other than the Maturity Date, on which the Bond is, or is to be, Redeemed in whole
Register	The register of Bonds maintained by the Registry on Villa World's behalf and including any sub-register established and maintained in CHESS
Registry	Computershare Investor Services Pty Limited or such other person as may be appointed registrar of the Bonds from time to time

Term	Meaning
Relevant Indebtedness	Means: <ul style="list-style-type: none"> a. notes, bonds, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments (including Bonds of another Series, but not including the Bonds of the relevant Series) evidencing indebtedness of Villa World or a Guarantor which are for the time being, or are intended to be or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other public securities market (whether or not initially distributed by way of private placement); and b. any indebtedness of Villa World or a Guarantor owing under syndicated term loan or other term loan arrangements (excluding any loan made by Villa World to a member of the Group or a member of the Group to Villa World) in each case, which is incurred on or after the Issue Date
Reported Gearing Ratio	The gearing ratio disclosed by Villa World in its financial reporting, as described in Section 3.7.3 of this Base Prospectus
Reported Interest Cover Ratio	The interest cover ratio disclosed by Villa World in its financial reporting, as described in Section 3.7.3 of this Base Prospectus
Secured Gearing Ratio	Secured Gearing Ratio Debt divided by Gearing Ratio Assets, expressed as a percentage
Secured Gearing Ratio Debt	Group Secured Interest Bearing Liabilities less Group Cash
Security Interest	A mortgage, charge, pledge, lien or other security interest securing any obligation (including a "security interest" for the purposes of sections 12(1) and (2) of the <i>Personal Property Securities Act (2009)</i> (Cth))
Series	An issue of Villa World Bonds made up of one or more Tranches, all of which are expressed to be consolidated and form a single series and are issued on the same Terms, except that the Issue Date, the Issue Price and interest commencement date may be different in respect of different Tranches of a Series
Special Resolution	Either: <ul style="list-style-type: none"> a. a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 75 per cent. of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 75 per cent. of the votes cast; or b. a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75 per cent. of the Face Value of all of the outstanding Bonds in the Series
SRN	Securityholder Reference Number
Subsidiary	The meaning given in the Corporations Act, but as if "body corporate" includes any entity. It also includes an entity required by Current Accounting Practice to be included in the consolidated annual financial statements of that entity or would be required if that entity were a corporation
Syndicate Broker	Any of the Lead Manager(s) and Participating Brokers
TAA	Tax Administration Act 1953 of Australia

Term	Meaning
Tax	Any tax, levy, impost, charge or duty (including stamp and transaction duties) imposed by any authority and any related interest, penalty, fine or expense in connection with it
Tax Event	The meaning given in Clause 12.4 of the Base Terms
Terms	The full terms of each Series of Bonds as set out in the Base Terms as supplemented, amended, replaced or as modified by the terms of a particular Tranche of Bonds set out in the relevant Offer Specific Prospectus
TFN	Tax File Number
Tranche	An Offer of Bonds specified as such in the applicable Offer Specific Prospectus
Trust Deed	The trust deed dated 22 March 2017 between Villa World, the Guarantors and the Trustee, pursuant to which the Bonds may be issued (as amended or supplemented from time to time)
Trustee	Australian Executor Trustees Limited (ACN 007 869 794) or such other trustee as may hold office as trustee under the Trust Deed from time to time
Villa World	Villa World Limited (ABN 38 117 546 326)

For personal use only

Villa World Limited

ABN 38 117 546 326

Level 1 Oracle West
19 Elizabeth Avenue
Broadbeach, Queensland 4218

Telephone +61 (0) 7 5588 8888

www.villaworld.com.au