

8 July 2019

AVID enters into a binding Scheme Implementation Agreement with Villa World

Scheme Implementation Agreement with Villa World

AVID Property Group Australia Pty Ltd (**AVID**) notes the ASX Announcement made by Villa World Limited (**VLW**) regarding the execution of a binding Scheme Implementation Agreement (**SIA**) in relation to AVID's proposal to acquire all VLW shares by way of a recommended Scheme of Arrangement (**Scheme**) for cash consideration of \$2.345¹ per share (**Offer**). Under the SIA, VLW is permitted to pay a final dividend (**Final Dividend**) and / or a special dividend (**Special Dividend**) on or prior to implementation of the Scheme. The Scheme Consideration will be reduced by the cash amount of any such Final Dividend and / or Special Dividend. The size of any potential Final Dividend and / or Special Dividend (if declared) will be determined by the directors of VLW (**Directors**) having regard to a range of factors, including the availability of franking credits. Details of any Final Dividend and / or Special Dividend will be provided in the explanatory document to be circulated to shareholders in relation to the Scheme (**Scheme Booklet**).

The execution of the SIA follows the completion of a period of confirmatory due diligence, which AVID was granted exclusively on customary terms in May 2019.

The terms of the Offer are consistent with those announced on 2 May 2019 and have been summarised in this press release.

Summary of the offer

AVID and the Directors believe that the Offer provides VLW shareholders with certainty of value and the opportunity to realise in full their investment in VLW at a certain cash price. There may also be an opportunity for VLW shareholders to receive benefits from franking credits that may be attached to the payment of a Final Dividend and / or Special Dividend. The Offer implies the following premia:

Consideration per VLW share	\$2.345	Premia
Undisturbed price ²	\$1.99	17.8 %
Undisturbed 1-month VWAP ³	\$2.00	17.4 %
Undisturbed 3-month VWAP ³	\$1.88	25.1 %
Adjusted NTA per share ⁴	\$2.23	5.2 %
Initial Offer ⁵	\$2.23	5.2 %

¹ Under the Offer, the consideration offered will be reduced by the amount of any dividends or distributions that VLW shareholders become or are entitled to receive after the date of the Revised Indicative Offer on 2 May 2019.

² On 1 March 2019 (last closing price of Villa World shares prior to the announcement of the initial proposal received from AVID).

³ Volume Weighted Average Price. The 1 month and 3 month VWAP calculations are to 14 March 2019 (last closing price of Villa World shares prior to the announcement of the initial proposal received from AVID).

⁴ NTA per share as at 31 December 2018 adjusted for the 1H19 dividend of 8 cents per share (the ex-date of which was 12 March 2019).

⁵ Represents the headline Initial Offer price of \$2.31 per share adjusted for the 1H19 dividend of 8 cents per share (the ex-date of which was 12 March 2019).

Conditions of the Offer

The implementation of the Scheme is subject to certain conditions, including the approval of Villa World shareholders and the Court, no prescribed occurrences, no material adverse change, no restraints, and no material breach of warranty by Villa World or AVID, and the approval of the Foreign Investment Review Board.

AVID expects to fund the cash consideration from internal resources, equity contributions and debt facilities. The Scheme is not conditional on AVID securing funds.

The SIA contains customary exclusivity provisions, including no-shop and no-talk restrictions and a notification obligation, as well as a matching right. The SIA also details circumstances under which Villa World may be required to pay AVID a break fee of approximately \$3 million.

Unanimous recommendation of the directors

The Directors unanimously recommend that shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of VLW shareholders. Subject to these same qualifications, each of the Directors intends to vote all VLW shares that they hold or control in favour of the Scheme.

A copy of the SIA is attached to VLW's ASX Announcement.

Independent Expert

VLW intends to appoint Grant Thornton Corporate Finance as the independent expert to prepare a report opining on whether the Scheme is in the best interests of VLW shareholders. The independent expert's report will be included in the Scheme Booklet to be dispatched to all VLW shareholders.

Next Steps

AVID and VLW have agreed to work towards having the Scheme Booklet issued in August 2019. A meeting of VLW shareholders is expected to be held towards the middle of October 2019. Subject to VLW shareholder approval and the conditions of the Scheme being satisfied, the Scheme is expected to be implemented in late October / early November 2019. These dates are indicative and subject to change.

Goldman Sachs Australia Pty Ltd is acting as financial adviser and Clayton Utz as legal adviser to AVID.

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About AVID Property Group

AVID is a diversified Australian property development business with a \$3bn portfolio of broad acre and medium density residential and industrial project. Its current portfolio comprises over 6,500 residential lots and 180ha of industrial land. AVID currently has 8 active residential projects in QLD, NSW and VIC. The business has successfully delivered over \$1.7bn worth of residential projects in Australia over the last 9 years. AVID is headquartered in Sydney, Australia.