

1 Introduction

Villa World Limited's shares are listed on the Australian Stock Exchange under the ASX code VLW ("VLW Shares").

Villa World ("VLW") is committed to ensuring that it and its wholly owned subsidiaries ("the Group") and its employees act lawfully at all times in their dealing with shares and the handling of inside information. VLW is also committed to avoiding any perception of unlawful or unethical conduct.

2 Scope of this Policy

This Policy applies to:

- (i) all directors, officers, employees, compliance committee members, contractors, consultants and advisors of VLW and any of its subsidiaries; and
- (ii) any Associated Person of a director, officer, compliance committee member or employee,

(hereafter referred to as an "Applicable Person").

In this Policy, a person is an "Associated Person" in relation to another person if the first person is acting for or on behalf of, as agent for or at the direction of the other person, or any entity controlled by the other person or in respect of which the other person is a director.

In this Policy VLW shares include derivatives and other financial products issued by third parties in relation to VLW Shares.

3 Purpose

This Policy sets out the circumstances in which Applicable Persons may deal in VLW Shares with the objectives that no Applicable Person will contravene the requirements of the Corporations Act.

This Policy seeks to ensure that:

- (i) applicable Persons adhere to high ethical and legal standards in relation to investment in VLW Shares;
- (ii) market confidence is preserved in relation to the integrity of dealings by Applicable Persons in VLW Shares; and

- (iii) the reputation of VLW is maintained.

4 Inside Information

Inside information is defined in the *Corporations Act 2001* ("the Act") as information relating to the entity which is not generally available but would, if the information was generally available, be likely to have a material effect on the price or value of the entity's shares ("Inside Information").

See section 9.2 for an explanation of information that is generally available, and section 9.3 for information that is likely to have a material effect on the price or value of shares.

It is illegal for any person to trade in shares or procure another to trade in shares while in possession of Inside Information relating to those shares.

5 VLW's Policy on Dealing in VLW Shares

5.1 No trading where in possession of inside information

Applicable Persons must only trade in VLW Shares if they are not in possession of Inside Information regarding VLW, irrespective of whether there is a Trading Window at the time.

5.2 Short term trading

Despite anything contained in this Policy, Applicable Persons should not engage in short term trading in VLW Shares. In general, the purchase of VLW Shares with a view to resale within a 3 month period and the sale of VLW Shares with a view to repurchase within a 3 month period would be considered to be transactions of a 'short term' nature.

5.3 Blackout Periods

Applicable Persons must not trade in VLW Shares during the following blackout periods:

- (a) from 1 January until the next trading day after release of VLW's half year results;

POLICY: Securities Dealing Policy

Policy authorised by: Board

Policy maintained by: General Counsel

Date: 16 December 2011

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- (b) from 1 July until the next trading day after the release of VLW's full year results; and
- (c) any other period designated as a blackout period by the Board and advised to employees.

5.4 Dealing during Blackout Periods

In exceptional circumstances, written clearance may be given to dispose of (but not to acquire) VLW Shares during a blackout period.

Exceptional circumstances will include:

- (a) severe financial hardship;
- (b) an undertaking given to, or an order by, a court; or
- (c) such other exceptional circumstances as may from time to time be determined by the Chairman, or in his absence, the Managing Director.

5.5 Trading Windows and Restricted Trading

Any Applicable Person who wishes to:

- trade or apply to trade in VLW Shares; or
- enter into an agreement to trade in VLW Shares; or
- procure another person to trade in VLW Shares,

(together "Trading" or "Trade")

must only do so if they are not in possession of Inside Information and they do so during:

- (a) the period beginning on the next trading day after the half yearly/annual financial results for VLW are lodged with the ASX and ending four weeks later; or
- (b) the period beginning on the next trading day after VLW's annual general meeting and ending four weeks later,

((a) and (b) together being the "Trading Windows"); or
- (c) at other times other than those within the Trading Windows in (a) and (b) and during Blackout Periods in Section 5.3, then provided they follow the Clearance procedure in Section 6.2 of this Policy.

All Trading in VLW Shares by Applicable Persons must comply with the Notification procedure in Section 6.1 of this Policy.

5.6 Excluded trading

No approval is required in connection with any of the following however must still be notified to the Company Secretary pursuant to Section 6.1:

- (a) participation in any dividend reinvestment plan operated by the Group;
- (b) actions open to all shareholders, although the insider trading prohibition under 5.1 still applies;
- (c) transfers of shares where there is no change in the beneficial interest; and
- (d) trading by a fund or other scheme in which the Applicable Person holds shares, but where the investment is solely at the discretion of a third party.

5.7 Tipping

It is illegal and a breach of this Policy for any person who is in possession of Inside Information or to directly or indirectly communicate, or cause to be communicated, Inside Information to anyone who the person knows, or ought reasonably to know, would or would be likely to use the information to Trade in VLW Shares. This is regardless of whether the Trade falls within or outside any trading window.

5.8 Margin lending and other financing arrangements

Where a director/officer has entered into a margin loan or similar funding arrangement for VLW Shares, information such as the key terms of the arrangements including the number of VLW Shares involved, the trigger points, the right of the lender to sell unilaterally and any other material details must be disclosed through the Notification procedure in Section 6.1 of this Policy. VLW will decide, having regard to the nature of its operations and the particular circumstance of the Group, whether the margin loan arrangement is material under ASX Listing Rule 3.1 and requires disclosure.

5.9 Trading in other shares

The insider trading provisions are not limited to Inside Information about the Group. A person can be an 'Insider' in relation to any financial product purely by virtue of having Inside Information about that financial product. Inside Information about other companies or entities may also be obtained during the performance of duties with VLW. Accordingly, where an Applicable Person possesses or may reasonably be considered to possess Inside Information about other financial products, whether related to VLW or not, or other entities, they must ensure they comply with the law at all times.

This Policy may, from time to time, be extended by the Board of Directors of VLW to restrict Applicable Persons from trading in shares of other specified entities with which the VLW may have a relationship.

5.10 Hedging and limiting economic risk

Applicable Persons are not permitted to enter into transactions in products associated with the VLW Shares which operate to limit the economic risk of their VLW Security holding over unvested entitlements (e.g. hedging arrangements).

6 Clearance and Notification Procedures

6.1 Notification

At any time when an Applicable Person Trades in VLW Shares, whether within or outside the Trading Windows, they must complete the Notification Form in Appendix B of this Policy and email it to the Company Secretary within 2 business days of the trade.

The Company Secretary may, from time to time, request that an Applicable Person complete a declaration in which the Applicable Person discloses any share holdings or transactions in VLW Shares. When requested, an Applicable Person must promptly and honestly complete such a declaration and return it to the Company Secretary in the manner requested.

Failure to notify through these Notification procedures when an Applicable Person

Trades in VLW Shares is a breach of this Policy.

6.2 Clearance

If an Applicable Person seeks to Trade in VLW Shares outside the Trading Windows, they are required to seek approval by completing the Application for Clearance to Trade in Appendix A of this Policy and email it to the Company Secretary.

The giving of clearance to deal is not to be regarded in any way as the giving of advice. The clearance needs to be approved before the Trade by the Chairperson of the Board for all Applicable Persons and by the Chairperson of the Audit and Risk Committee for the Chairperson of the Board.

The clearance shall also state the period within which the Applicable Person is permitted to trade.

Trading in VLW Shares outside of the Trading Windows without approval under these Clearance procedures is prohibited and is a breach of this Policy.

7 Consequences of Breach

Any contravention of this Policy will be noted by the Company Secretary and reported to the Managing Director and CEO ("MD"). A contravention will also result in a notation on the Employee's personnel file. The MD will advise the Board of contraventions of the Policy and action will be taken as deemed appropriate by the MD, which may involve disciplinary action and could result in dismissal.

Nothing in this Policy shall authorise any person to act in contravention of the insider trading provisions of the *Corporations Act 2001*. Convictions of insider trading can attract criminal and civil liability.

8 Dissemination of Policy

This Policy shall be made available to all Applicable Persons and will be posted on VLW's intranet. All Applicable Persons are required to understand their responsibilities, behave ethically and comply with this Policy at all times.

If any other information or assistance is required in relation to this Policy, please contact the Company Secretary.

9 Summary of Legal Requirements

9.1 Insider Trading - the Corporations Act 2001

Pursuant to the Corporations Act, if a person possesses Inside Information (see Section 4 above) which they know, or ought to reasonably know, is not generally available but, if it were generally available, would reasonably be expected to have a material effect on the price or value of the shares, then that person (an insider) must not:

- (a) apply for, acquire, or dispose of, relevant shares, or enter into an agreement to apply for, acquire, or dispose of, the relevant shares; or
- (b) procure another person (eg by encouraging family members) to apply for, acquire, or dispose of, shares, or enter into an agreement to apply for, acquire, or dispose of, relevant shares; or
- (c) directly or indirectly, communicate the inside information, or cause it to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to engage in the kind of conduct described in (a) or (b).

9.2 Information that is “Generally Available”

Information is considered to be “generally available” if:

- it can be easily observed; or
- it has been released to the ASX, published in an Annual Report or prospectus or is generally available to the investing public and a reasonable time has elapsed since the information was communicated; or

- it may be deduced, inferred or concluded from the above.

9.3 Material effect on the price or value of shares

The law states that information would be likely to have a material effect on the price or value of shares if the information might influence persons who commonly invest in shares in deciding whether or not to subscribe to, buy or sell those shares.

Examples of information that may be material include information relating to:

- financial performance, such as a material variance in Company revenue, which could result in a material increase or decrease in the Company’s financial performance from previous results or forecasts;
- a proposed material business or asset acquisition or sale;
- a material claim to be initiated by or against the Company; and
- an actual or proposed change to the Company’s capital structure.

9.4 Material Effect

If a reasonable person would be taken to expect the information to have a material effect on the price or value of shares if (and only if) the information would, or would be likely to, influence people who commonly acquire shares in deciding whether or not to acquire or dispose of the shares.

9.5 Penalties

A failure to comply with insider trading provisions carries severe criminal and civil penalties.

Reviewed and amended by the Board of Directors on 16 December 2011
Reviewed and amended by the Board of Directors on 20 December 2010
Reviewed and amended by the Board of Directors on 2 August 2010
Reviewed and amended by the Board of Directors on 28 March 2009
Approved by the Board of Directors on 28 March 2008



Appendix A

TRADING OUTSIDE THE TRADING WINDOWS

Application for Clearance to Trade in Villa World Group Shares (ASX Code:VLW)

Name	
Date	
Name of Proposed Purchaser/Seller/Counterparty	
Nature of agreement/dealing/trading	
Proposed date of transaction (i.e. completion date)	
No. of Shares	
Representation	I confirm that I am not in possession of any information relating to the entity which is not generally available but would, if the information was generally available, be likely to have a material effect on the price or value of VLW Shares, nor by my actions will I have contravened the requirements of the Villa World Securities Dealing Policy
Signed	Date
I confirm the request complies with the requirements of the Villa World Securities Dealing Policy	
Clearance (outside Trading Windows)	Date



Appendix B

Notification of Trading in Villa World Shares (ASX Code:VLW)

This form is to be used as a notification mechanism under the VLW Trading Policy for any Trade in VLW Shares within or outside the Trading Windows specified in the Trading Policy

Name		
Date		
Name of Purchaser/Seller/ Counterparty		
Nature of agreement/dealing/ trading		
Date of transaction		
No. of Shares		
Representation	I am not in possession of any information relating to the entity which is not generally available but would, if the information was generally available, be likely to have a material effect on the price or value of the VLW Shares; and the transaction in the VLW Shares described above does not contravene VLW's Securities Dealing Policy dated 16 December 2011	
Signed		Date