

Viva Leisure Limited

ACN 607 079 792

SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read together with the replacement prospectus dated 14 May 2019 (**Prospectus**) issued by Viva Leisure Limited ACN 607 079 792 (**Company**) which was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

This Supplementary Prospectus is dated 31 May 2019 and was lodged with ASIC on that date under section 719 of the Corporations Act. ASIC and ASX, and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meanings in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus prevails. This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.vivaleisure.com.au. The Company will send a copy of this Supplementary Prospectus to all applicants who have subscribed for Shares to be issued by the Company on the terms and conditions set out in the Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

Purpose

The Company has issued this Supplementary Prospectus for the purpose of:

- (a) providing an update on applications made by the Company to the ASX for waivers from certain ASX Listing Rules in conjunction with the Company's application for listing approval;
- (b) providing additional disclosure required by the ASX as a condition of granting a waiver from ASX Listing Rule 10.1; and
- (c) providing an update on the indicative timetable for the Offer.

The Company does not consider that any of the information in the Supplementary Prospectus is materially adverse from the point of view of a potential investor.

Applications to ASX

As disclosed in the Prospectus, the Company has applied for, and expects that ASX will grant, a waiver from ASX Listing Rule 1.1, Condition 12, in relation to options granted under the Company's LTI plan with a zero exercise price.

In addition to the waiver from ASX Listing Rule 1.1, Condition 12, the Company has also applied for, and expects that ASX will grant, the following waivers:

- (a) a waiver from ASX Listing Rule 10.1 in relation to certain related party leases entered into by the Company's subsidiary Viva Leisure Property Pty Ltd; and
- (b) a waiver from ASX Listing Rule 4.7B to exempt the Company from providing quarterly cash flow reports and from providing additional disclosure in the first two annual reports in relation to the Company's use of the funds raised under the Offer.

A condition to the waiver from ASX Listing Rule 10.1 is the requirement that the Company set out in this Supplementary Prospectus, the terms of certain leases in relation to which ASX considers that ASX Listing Rule 10.1 applies. The table below sets out the details of those leases:

Location	Lessor	Term and options to renew	Current annual rent (plus GST) and future increases	Other key terms
Mitchell – office space	Dimensional Developments Australia Pty Ltd	5 years commencing on 1 August 2018. 3 further options to renew for 5 years each.	\$96,000 Rent increases by 3% per annum in the initial term, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 3% per annum.	The Board considers that the leases are on arms' length terms which reflect customary provisions commonly found in commercial leases of a similar nature. Set out below are some key terms of these leases (other than those set out in the other columns of this table). Rent is payable in advance by monthly instalments and the lessor may charge daily interest on any late payment at 2% above the rate that would be charged by the lessor's bank for unsecured overdrafts. On termination of the lease, the lessee is responsible for make good of the premises. The lessee is responsible for maintaining insurance to cover standard risks applicable to a lessee in the health club industry, public liability and for the plate glass on the premises. The lessee releases the lessor from, and indemnifies the lessor against, claims for damages, loss, injury or death.
Club Lime Mitchell	Dimensional Developments Australia Pty Ltd	5 years commencing on 1 August 2018. 3 further options to renew for 5 years each.	\$154,500 Rent increases by 3% per annum in the initial term, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 3% per annum.	
Mitchell – expanded office space	Dimensional Developments Australia Pty Ltd	4 years commencing on 1 July 2019. 3 further options to renew for 5 years each.	\$98,880 Rent is fixed yearly (increasing incrementally year on year by 3%) for the initial term of the lease, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 3% per annum.	
Club Lime and Pink Gym and Pool CISAC	Sports Centres Australia Pty Ltd	10 years commencing 1 August 2018. 2 further options to renew for 10 years each.	\$1,664,000 Rent is fixed yearly (increasing incrementally year on year by 4%) for the initial term of the lease, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 4% per annum.	

Location	Lessor	Term and options to renew	Current annual rent (plus GST) and future increases	Other key terms
ClubMMM at CISAC	Sports Centres Australia Pty Ltd	5 years commencing 1 August 2018. 2 further options to renew for 5 years each.	\$190,736 Rent is fixed yearly (increasing incrementally year on year by 4%) for the initial term of the lease, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 4% per annum.	
Speedo shop at CISAC	Sports Centres Australia Pty Ltd	5 years commencing 1 August 2018. 2 further options to renew for 5 years each.	\$36,400 Rent is fixed yearly (increasing incrementally year on year by 4%) for the initial term of the lease, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 4% per annum.	
Club Lime Curtin	Akon Holdings Pty Ltd	5 years commencing 1 July 2018 2 further options to renew for 5 years each.	\$130,000 Rent is fixed yearly (increasing incrementally year on year by \$10,000) for the initial term of the lease, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 3.5% per annum.	
Club Lime Kambah	Jenke Investments Pty Ltd	5 years commencing 1 August 2018. 2 further options to renew for 5 years each.	\$226,500 Rent is fixed yearly (increasing incrementally year on year by 3%) for the initial term of the lease, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 3% per annum.	
Club Lime Conder	Konstantinou Consultants Pty Ltd as trustee for Ramesses Discretionary Trust	10 years commencing 1 April 2019 2 further options to renew for 10 years each.	\$320,000 Rent increases by 4% per annum in the initial term, after which the base rent is set by market review on each exercise of the options with further fixed annual increases of 4% per annum.	

As part of its assessment of the Company's listing application, ASX has formed the view that the lessors under the above leases are parties to which ASX Listing Rule 10.1 applies.

The Board considers that the leases are on arm's length and commercial terms (confirmed by independent valuation), and are subject to the usual risks associated with other leases entered into by the Company. Upon listing, the Company will have entered into approximately 45 leases in total. While a number of the leases in the table above commenced in July/August 2018, the Company's various subsidiaries have been tenants on those sites for many years. However, as part of the preparation for the Offer and the Company's listing on ASX, the Company entered into new lease arrangements.

Continuation of the leases (in the table above) past their initial terms by the exercise of options will be subject to shareholder approval, should ASX Listing Rule 10.1 apply at that time.

In relation to any decision by the Company to exercise an option to renew a lease described in the table above, and subject to the Corporations Act, any Director with a material personal interest in the matter will not be able to deliberate or vote at any Board meeting to consider that matter.

Updated Key Dates

The Company wishes to provide the following updated indicative timetable:

ITEM	INDICATIVE TIMETABLE
Supplementary Prospectus lodgement date	31 May 2019
Completion of the Offer	3 June 2019
Issue of Shares under the Offer	Expected 3 June 2019
Expected completion of dispatch of holding statements	Expected 4 June 2019
Expected commencement of trading of the Shares on ASX (on a normal settlement basis)	7 June 2019

NOTES

The above timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne, Australia time. The Company, in conjunction with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice, including, subject to the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications, either generally or in particular cases. The Company reserves the right to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of the Prospectus and this Supplementary Prospectus, or Applicants. If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Application Forms as soon as possible after the Offer opens.

Authorisation

This Supplementary Prospectus is issued by the Company. In accordance with section 720 of the Corporations Act, each Director has authorised and consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and behalf of the Company by:



Bruce Glanville
Chairman