



7 December 2020

## STRUCTURE B SCHEME MEETING CHAIRMAN'S ADDRESS

This meeting has been convened in accordance with orders made by the Federal Court of Australia on 9 October 2020 and 25 November 2020 as well as VRL's Constitution. The purpose of this meeting is for you to consider, and if you think fit, approve a scheme of arrangement between VRL and the holders of its ordinary shares. If the proposed Structure B Scheme proceeds, VRG BidCo Pty Limited (BidCo) will acquire all of the shares in VRL (other than the VRL shares held by VRL Shareholders who have made a valid Election to retain their VRL Shares), and VRL shareholders (other than those who have made valid Elections) will receive the Scheme Consideration that I will outline shortly. The Scheme is subject to certain conditions, which I will also outline shortly, being satisfied or waived.

I refer to the Notice of Postponed Structure B Scheme Meeting contained in Appendix 2 to the Supplementary Disclosure Document that sets out the resolution proposed for today's meeting. As the Supplementary Disclosure Document was released on ASX on 25 November 2020 and subsequently made available to shareholders, I will take the Notice of Postponed Structure B Scheme Meeting as read.

The Scheme Booklet, which you will have had the opportunity to review, explains the reasons for VRL Shareholders to vote in favour of the Structure B Scheme and potential reasons for them to vote against the Structure B Scheme. The Scheme Booklet also contains an Independent Expert's Report from Grant Samuel & Associates. As per the previous meeting, votes can be submitted up to the time when I declare voting closed. You do however have the ability to change your vote, up until the time I declare voting closed. In addition, questions can be submitted at any time. However, I will not address them until the relevant time in the meeting.

I would now like to say a few words about the proposed Structure B Scheme.

### **Scheme Consideration**

If the Structure B Scheme proceeds, each holder of VRL Shares (other than VRL Shareholders who have made a valid Election to retain 100% of their VRL Shares) as at the Structure B Scheme Record Date (currently proposed to be 7.00pm on Friday, 18 December 2020) will transfer all of their VRL Shares to BidCo on the Implementation Date (currently proposed to be Tuesday, 29 December 2020), in exchange for a cash payment of \$2.95 for each VRL Share they hold on the Scheme Record Date.

As shareholders will be aware, the parties to the Implementation Agreement entered into a third amending deed on 23 November 2020 which amended the terms of the Implementation Agreement so that the Structure B Cash Consideration was increased from \$2.22 to \$2.95 per Share. At the Second Court Hearing, VRL will seek approval from the Court to amend the terms of the Structure B Scheme to reflect the increased consideration from \$2.22 to \$2.95 per Share.

Your Independent Directors continue to believe that the reasons set out in the Scheme Booklet to vote in favour of the Structure B Scheme outweigh the potential reasons to vote against the Structure B Scheme. Accordingly, we maintain our previously stated recommendation that VRL shareholders should vote in favour of the Structure B Scheme in the absence of a superior proposal. I confirm that no superior proposal has been received.

As stated in the Scheme Booklet, the Structure B Scheme is conditional on the Structure A Scheme not being approved by VRL shareholders or the Court.

In addition, the Structure B Scheme is also conditional on various operational and procedural conditions, usual for a transaction of this nature, which are described in detail in the Scheme Booklet. We are not aware of any reason why they will not be either satisfied or waived at least 2 hours before the start of the Second Court Hearing, which is scheduled for Tuesday, 15 December 2020.

Subject to:

1. your approval of the Structure B Scheme at this meeting;
  2. the Structure A Scheme not being approved by the VRL shareholders or the Federal Court of Australia;
  3. the operational and procedural conditions noted above being either satisfied or waived at least 2 hours before the start of the Second Court hearing; and
  4. the Federal Court of Australia approving the Structure B Scheme at that hearing,
- the Structure B Scheme will become legally effective and will bind all VRL Shareholders holding VRL Shares at 7.00pm (Melbourne time) on Friday, 18 December 2020 (being the Record Date for the Structure B Scheme).

As stated in the Scheme Booklet, VRL has lodged a class ruling application with the ATO seeking confirmation on specific Australian taxation implications for certain VRL Shareholders. Specifically, in respect of the Structure B Scheme, the class ruling applications seek the ATO's confirmation on the CGT implications for certain VRL Shareholders the legal title to whose Retained Shares is transferred to a Nominee to be held on trust for those VRL Shareholders.

As stated in the Scheme Booklet, VRL considers that the transfer of VRL shares by an Australian resident Retaining Shareholder to the Nominee should not constitute a CGT event for Australian income tax purposes on the Implementation Date. VRL continues to be in discussions with the ATO in relation to the progression of the Class Ruling application and no draft ruling has yet been received in respect of the Structure B Scheme.

As also stated in the Scheme Booklet, VRL shareholders are reminded that it is possible that the ATO's views may differ. If this the case, VRL will make an announcement on the implications for this. Ultimately however, the Structure B Scheme is not conditional on receipt of the Class Ruling from the ATO.

This announcement has been authorised by VRL's ASX Communications Officer.

For further information:

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