



FoodWorks Corporate Store Divestment – Further Update

As announced to the market on 23 June, FoodWorks has made significant progress in the sale of a number of stores as part of the corporate store divestment program.

In addition to the six sale and purchase agreements advised on 23 June, agreements have been signed to divest a further six stores to a number of purchasers.

The agreements provide that two stores in Victoria will be sold to independent retailers who are within the FoodWorks network. Agreement has been reached for four stores in South Australia to be sold to a non FoodWorks retailer.

According to Chairman John Bridgfoot, the opportunity has generated strong interest from both FoodWorks' current member base and external parties.

"This was an excellent opportunity for our members to purchase larger sized stores and we expect that approximately half of the stores sold will continue to trade as FoodWorks stores in the future," Mr Bridgfoot said.

While more than half the stores are already sold or under sale and purchase agreements Mr Bridgfoot says there is still opportunity for existing FoodWorks members and other parties who wish to operate under the banner to participate.

"As part of the divestment process, we have taken appropriate steps to ensure a transparent and competitive store sale process, including the extinguishment of Metcash's first right of refusal over the sale of the stores. This means that we will be divesting the stores wherever we feel will meet the needs of our business in both the short and long term. In the meantime the remaining stores will remain operating as FoodWorks corporate stores," he said.

"While in some cases it made sense to divest outside of the group it is our preference, where it creates value, to divest the remaining stores to new or existing FoodWorks members," Mr Bridgfoot said.

There will be considerable value and additional incentives for retailers who are currently or are willing to become FoodWorks members. The business will provide extensive support to existing or new members who would like to take advantage of this opportunity.

As there already has been strong interest in these stores, interested retailers are encouraged to register their interest as soon as possible. To register interest, please contact Lior Harel at SLM Corporate.

Australian United Retailers Limited

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FoodWorks will be working with the purchasers and other relevant parties to support the store teams concerned, and will provide further updates to the market as appropriate.

A handwritten signature in black ink, appearing to read "John Bridgfoot". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

John Bridgfoot
Chairman

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